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25 April 1985

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AUSTRALIA

U.S. CONGRESSMAN'S IMPORT BANNING BILL 'UNDERSTANDABLE'

Sydney THE AUSTRALIAN in English 19 Feb 85 p 8

[Editorial: "A Warning From Wyoming"]

[Text] The declared intention of a prominent member of the United States House of Representatives to introduce legislation directed towards the banning of imports of Australian and New Zealand lamb, wool, beef and uranium yellow-cake should not be particularly surprising. It is an understandable aftermath of the Federal Government's refusal to take part in the MX missile tests and Mr Lange's ban on the use of his country's ports by "nuclear-capable" warships.

Despite the apparent optimism of Mr Richard Cheney, the author of the proposed Bill, and the sympathy that his move will undoubtedly arouse among many of his fellow members of Congress, it does not seem probable that the law which he is seeking will command the necessary majority of both Houses. Nor is it likely to be supported at this stage by the Reagan administration, which is still trying to revive the spirit of ANZUS by more diplomatic means.

We would, nonetheless, be irresponsibly rash if we were to regard the sentiments so strongly expressed by Mr Cheney as being confined to an insignificant minority of his compatriots. As chairman of the Republican Party's policy committee in the House of Representatives, and as a former White House chief of staff under President Ford, the aggrieved congressman is not an obscure figure.

He can also probably justify his claim to speak on behalf of his constituents. As Mr Cheney points out, the district in Wyoming which he represents in Washington not only produces some of the commodities which would be affected by his proposed Bill, and is having a "hard time" economically, but it is also the site of more than 300 Minuteman missiles and it is intended that it should become a base for MX missiles.

His complaints about the US's ANZUS partners would be echoed by Americans not so immediately concerned. Many of them must also be asking, as he is: "Why should we simply allow ourselves to become Soviet targets, which we are, and do nothing while others refuse to shoulder their responsibilities?"

While making no specific suggestions as to retaliatory action against America's backsliding allies, Mr Richard Perle, the US Assistant Secretary of Defence responsible for international security policy, also has said that he does not see how "we can ask the American people to bear the risks of war in order to defend allies who will have nothing to do with us when delicate issues like the movement of nuclear weapons are involved".

It would be by no means unfair to regard Australia as having become one of those allies who is delighted to accept the protection of the American nuclear "umbrella" while refusing to accept the risks which the American people must take for granted.

It would not be interference in our internal politics if the US decided not to go on risking its safety for nations which want the benefits of the alliance without a reciprocal contribution. If our Government's policies lead us to become isolated in a dangerous world, we shall not be able to complain that we have not been warned.

CSO: 4200/737

AUSTRALIA

DEFENSE PAPER BEMOANS 'SUBSERVIENCE' TO U.S.

Sydney THE AUSTRALIAN in English 23-24 Feb 85 p 4

[Article by Chris Kremmer]

[Text] Australia's increasing subservience to the United States has weakened ANZUS in the eyes of Australians and the world at large, says a paper circulated in the Federal Labor Caucus.

The paper, written by influential NSW backbencher and Caucus sub-committee chairman Mr Allan Morris, makes a strong plea for a more self-reliant Australian defence posture.

The paper says recent experience leave the clear implication that the Department of Defence wants "gold-plated" defence equipment, irrespective of the cost and the continuing denigration of Australian industry capacity.

The Minister for Defence, Mr Beazley, is believed to endorse the general thrust of the paper.

Mr Morris' paper says that since the Hawke Government's election in 1983, the defence industry has been a topic of "growing concern" to many government members.

"The concerns have related to off-sets, Government-owned industries, source and type of equipment, and criteria used in equipment selection," it says.

The MX missile-testing issue had again raised the question of Australia's requirement, as a military client and ANZUS ally, to assist weapon testing programs.

"Many of us would agree that our relationship with America is not one of an alliance of equal, sovereign nations, but rather one of supplier and client.

"We would argue that the alliance is weakened by Australia's obvious dependence on the US for its military hardware and know-how.

"We would have greater competence and pride within our armed forces, greater respect in the community at large, and we would strengthen our alliances by being seen to enter into them from a position of independence and maturity.

"Australia's increasing subservience has, many of us would argue, consistently weakened the ANZUS alliance over many years in the eyes of the Australian public and the world at large," the paper says.

The defence industry policy approved by Cabinet last May, while an important breakthrough, did not resolve inherent problems in the area.

The policy addressed some of the difficulties confronting defence manufacturing, but placed priority on defence-strategic criteria ahead of industry considerations in the selection of particular equipment.

The selection last year of the Sikorsky Seahawk helicopter for the Navy's guided-missile frigates led Cabinet to express general dissatisfaction with the decision-making process, Mr Morris says.

The Cabinet is determined not to make further major equipment decisions until a review of the Australian Defence Force structure and planning priorities has been considered by Cabinet.

"The clear implication which flows from the experiences of 1983-84 is that Defence maintains a strong determination to select and purchase equipment, almost irrespective of cost, solely on strategic criteria.

Morale

"Equally obvious is the continuing denigration of Australian industry capacity and the refusal to examine the true financial cost to Australia of defence purchasing."

Mr Morris' paper says defence personnel are like doctors---barely tolerated in peace-time, but worshipped during war-time, when their services are required.

The tendency to buy "gold-plated" equipment had been partly motivated by the need to keep up morale.

This could better be maintained by developing a sense of pride in the overall sovereignty and capacity of Australia to defend itself.

If Australia could produce its own defence equipment it would start to involve industry and the public more closely with defence personnel.

Australia's defence-decision making is "somewhat deficient" and its personnel could not match the expertise of big overseas companies, the paper says.

Buying the best-known, most expensive equipment was one way defence-selection personnel protected themselves from criticism.

The "scandalous neglect" of the off-set requirement by foreign companies contracting for Australian Government work should be rectified. The argument that some off-sets contracts had not been legally binding ignored the fact that they were morally binding.

Australia should not continue to buy from companies which do not accept the moral strength of previous contracts.

The paper says past mistakes, such as the program to replace the Oberon submarines, should not be repeated in future acquisitions.

"The fact that we will shortlist the equipment prior to deciding production method and location, suggests that we could end up with a less than satisfactory solution," the paper says.

"Defence must not be allowed to set its own criteria, and then decide who best meets it, in its usual splendid isolation from the rest of Australia."

CSO: 4200/737

AUSTRALIA

COLUMNIST: FOREIGN POLICY 'DECISIVE' IN NATIONAL POLITICS

Melbourne THE AGE in English 11 Feb 85 p 13

["Comment" by Maximilian Walsh: "US Bases the Foreign Policy Issue"]

[Text]

Australia's integration into the US defence system to the extent that has now occurred could not have been dreamed of when Sir Robert Menzies signed agreements covering their establishment a quarter of a century ago.

Nearly 30 years ago, Maxwell Newton, then the political correspondent in Canberra for the 'Sydney Morning Herald', told me that to understand and write about Australian politics required an understanding of economics.

In those days that was a rather novel proposition. But it was good advice.

It is almost equally applicable today. I would add just one rider — study and understand foreign policy.

That is going to stand shoulder to shoulder with economics as the central preoccupation of Australia politics for the rest of the century.

The extensive publicity given to the Prime Minister's handling of US relations over the past few weeks is but prelude to a debate which will dominate our lives.

Quite obviously the handling of foreign policy is going to be a decisive factor in the ultimate fate of the Hawke Government. But equally, it will make or break Liberal leaders as well.

To appreciate the new political potency of foreign policy, it is necessary to ignore the emotional rhetoric normally employed about Anzus and its position as a cornerstone of Australia's foreign policy.

Anzus is not the central issue. The bases are what foreign policy is all about.

Last month, when the space shuttle Discovery launched a new US spy satellite into orbit, it locked Australia even more securely into the US defence system.

The US bases in Australia must be seen as part of the defence (and offence) system of continental United States.

The attitude of Australian governments towards these bases is of overwhelming importance to those in Washington charged with the responsibility for maintaining and protecting the US military machine.

The primacy of the bases in US strategic thinking was pushed into the general public arena by the events of 1982 when two brushfire wars — the Israeli invasion of the

Lebanon and the Falklands War — demonstrated that the era of electronic warfare had arrived.

The results of both these episodes was decided by electronic weaponry which ranged from essential satellite information in the Falklands to electronic jammers in Lebanon to destroy Soviet-built, Syrian-manned anti-aircraft missiles.

Australia's integration into the US defence system to the extent that has now occurred could not have been dreamed of when Sir Robert Menzies signed agreements covering their establishment a quarter of a century ago.

The timing of those agreements is about to assume considerable political importance.

Re-negotiation of the first lease — on North-West Cape — is scheduled for 1988, just after the next election. Indeed, the lease will be one of the major issues in the next election campaign. That will cause considerable heart-burn in Washington.

Just how sensitive these negotiations are likely to be can be illustrated by quoting the words Bill Hayden used at the National Press Club just three years ago.

He said a Labor Government "would seek to renegotiate the North-West Cape agreement to provide: first, that Australia's consent is mandatory for all orders to initiate military action which flows from the station; and, second, that Australia be given firm and convincing assurances that the station

will not be used to send orders for a first-strike nuclear attack or to initiate a limited nuclear strike. If the United States would not accept these reasonable provisions designed to protect our sovereignty, the Australian Government would ask then to wind down the operations of North-West Cape as rapidly as possible."

The first of Mr Hayden's conditions was sought by the Whitlam Government in 1973 — and refused.

counters by Australia to encourage the US into some positive action on disarmament talks.

And in October last year, Mr Hayden did say that the North-West Cape would be closed if it was developed as a first-strike facility.

At the moment, according to Mr Hayden, North-West Cape has only a second-strike capability.

His stance is important because he represents the middle ground of Labor thinking on this subject. At the moment, the Government can be said to have a distinct pro-American tilt.

Mr Hayden's acknowledgement of the necessity of Australia's support for the present international regime of deterrence is the deciding factor here.

His intellectual defence of deterrence has so far made little headway against the emotional demands of the left for strong, even unilateral, anti-nuclear policies.

The numbers to the left of Mr Hayden are significant both in size and composition.

Doubtless the inclination of Andrew Peacock will be to pursue the policy of the recent past — to sit back and enjoy the faction fighting of the Government and bank on

Mr Hayden made his remarks in 1981 when he was Leader of the Opposition. It is worth while remembering that at the time he held the leadership through the support of Labor's left wing.

In 1982, when he was even more dependent on that left wing, Mr Hayden said that a Labor Government would not permit US nuclear-powered or armed ships to berth in Australian ports.

He quickly backed down on that when the US pointed out that this would breach Anzus.

Since coming to power, Mr Hayden has been less threatening about the bases, although he did intimate during a press conference in Geneva last year that the bases would be used as bargaining this public display of divisiveness to undermine and perhaps destroy the public approval of the Government.

Mr Peacock's own policy position on the bases as spelt out during last year's parliamentary debate is to tell the electorate nothing and to use the moral authority of government to say that these matters are too important to be talked about publicly.

Such a policy was pursued by Sir Robert Menzies.

But that was another era — and another, very different Liberal leader.

Mr Peacock may look, as a US State Department official put it, a foreign minister from central casting but I doubt that he has the authority to suggest to his colleagues that foreign policy should be left solely to him.

There are other more practical reasons for Mr Peacock to be forced into the market place with a considered and coherent foreign policy.

First, there is the spectre of a Malcolm Fraser anxious to return to active politics. Mr Fraser has sent out publicly his conditions for returning to politics — and disarray on the subject of foreign policy in the ranks of the Government combined with a vacuum on this issue within the Liberal Party fulfill those stated conditions.

Furthermore, Mr Fraser has impressive credentials in this area — credentials he has maintained and enhanced since leaving politics.

One of the aspects of foreign policy which has exercised Mr Fraser's attention and which is relevant to Mr Peacock's position is the need to explain to and convince the post-cold war generations why the American alliance is important, why the bases are worth having and why the simple nostrums of the anti-nuclear supporters are unrealistic.

No longer is it going to be possible for the Liberals merely to assert that they are in favor of the American alliance, the others are against it and thereby automatically command majority support.

Mr Peacock is going to be obliged to join the foreign policy debate. He cannot afford the luxury of sniping from the sidelines.

In doing so, he is going to discover the dilemma which will dominate the debate in the years ahead.

That is: how much sovereignty can Australia claim and control when it is an integral part of the defence system of continental US?

AUSTRALIA

CHALLENGES TO HAWKE, KEATING ANALYZED

Melbourne THE AGE "Economic Report" Supplement in English 15 Feb 85 p 1

[News analysis by Michelle Grattan: "From Challenge to Nightmare"--"Keating and Hawke Face a Hard Time"]

[Text] Before the 1 December Federal election the "hard decisions" for the Government looked an exciting challenge. In light of the election result, which has left the outcome of the next poll very open, they have become more a political nightmare.

A new tax package is due to be announced in the second half of the year, following the July tax summit. Before that, the tax-sharing arrangements with the states must be renegotiated because the Fraser formula runs out this year. Then there is the demanding trilogy, which the former Treasury head, John Stone, says will require "airborne pigs" to be fulfilled. But the Prime Minister, Mr Hawke, and the Treasurer, Mr Keating, show every sign of having a determined shot at maintaining it.

In the background, the general success of the Government's economic policy requires that the prices and incomes accord is kept intact. That in turn will require positive action in responding to the ACTU productivity claim, and care that negatives, such as an unacceptable tax package, do not jeopardise the accord.

The election and its aftermath have thrown a number of new political factors into the economic equation.

The first is obvious: a government with a margin of only about 2 percent does not have a lot of political fat. Big changes with a long lead time--such as the reform of the tax system--can easily put off voters whose supposedly short memories can lengthen embarrassingly at the worst time.

This political precariousness will make the Government more cautious. But there are pressures in the other direction too. For example the Centre Left's desire to carve out its identity could encourage it to put its weight behind a reasonably radical stand on capital taxes.

The initial match of the year will be the Commonwealth vs the states at the May-June Premiers' conferences. At the first of these, in May, will be

negotiated the new tax-sharing agreement. The Commonwealth simply cannot afford to give the states the generous deal to which they would be entitled if the existing arrangements continued. That deal, because of the revenue surge this financial year, on which next year's states' share is based, would give the states a rise of about 15 per cent in basic revenue-sharing grants.

So what will replace the Fraser agreement? One option being floated is to go to a formula which would constrain the growth in federal outlays to the states to within the rate of growth in gross domestic product. This would lock the states into the sort of austerity that Mr Hawke locked his own Government into in the election campaign.

The new system would work on a formula--of a type which the Whitlam Government used--which calculated the states' grants on the basis of inflation, population and a betterment factor. The difference from the Whitlam years would be that the betterment factor would not be so generous, and of course there would not be the explosion of specific-purpose grants that occurred in the early 1970s.

The states' views have still to be obtained on what form the future arrangements should take. Also, it is not yet clear whether the Government will negotiate a formula that will last several years or go for an interim agreement and then look at the distribution of taxing powers between the states and the Federal Government sometime after the summit.

Pulling in the states' belts is not the end of the unpleasantness at this year's extra Premiers' conference. Once again the question of relativities--the share of the total cake each state gets--has to be faced. The Grants Commission is doing a fresh review, with the "loser" states set to be Western Australia, South Australia and Tasmania. The point has not escaped Government staffers that the Labor administrations in SA and WA both face elections in 1986.

From the public's point of view the most dramatic economic event of the year will be the tax summit and the package which will follow. Mr Hawke and Mr Keating are both personally strongly committed to shifting the tax base towards greater reliance on indirect tax. The issues will be the extent of the change and the "trade-offs" involved. Mr Keating declared this week he intended to sell the virtues of a shift to the party. But other sources warn there should be no presumption about a huge shift.

"The consultative process has to show that there is fairly strong public support for it.

In the tax review the Government is juggling two "publics": the general public, which makes up the electorate, and its union constituency. Their preoccupations are by no means identical. At a minimum, the unions will want some extension of capital gains tax to win their support for a shift towards indirect tax; there is less support for such an extension among voters at large.

While I would take a bet that the tax changes will include a modest extension of the capital gains tax, the chance of a wealth tax is nil and death duties are likely to be too hot to handle unless the Centre Left decides to flex its muscles.

The tax summit and the extra Premiers' conference have forced forward the budgetary process, so that Ministers are already feeling the knife.

On the revenue side, the Budget may give the general directions of the Government's proposed changes on tax, but the full detail will come later. Implementation would be unlikely to start before 1986-87. The legislation would probably not pass Parliament until the autumn session next year. Indeed, negotiating Parliament could be hazardous, given the Democrats' changeability, unless the Liberals fail to find an excuse (like capital tax extension) to break their earlier support for more emphasis on indirect tax.

As important as the trilogy of the Government's economic strategy is keeping the prices and incomes accord together, in fact as well as name. There are some strains, and the pessimists argue it is on the skids. There is, however, a reasonable argument for optimism for the next year--provided the Government can confine the productivity rise to about 2 percent, phased in, and provided that the line is held on the public service dispute to the extent of avoiding a settlement with flow-on effects.

The bundle of economic decisions to be taken in the next 12 months are not only intrinsically hard. They could well determine whether the Hawke Government has a third term.

CSO: 4200/737

AUSTRALIA

EDITORIAL DEFENDS POLICIES HIT BY OECD

Sydney THE AUSTRALIAN in English 18 Feb 85 p 8

[Text]

THE OECD's recent strong criticism of the Government for splitting the science and technology portfolio and linking technology with industry fails to recognise the immediate problems confronting Australia.

The country is not so much facing a problem of integrating science and technology but one of transferring new technology into Australia's moribund manufacturing sector.

There are admittedly difficulties in transferring research from the laboratory into commercial products, but the much bigger problem is introducing new technology and techniques into the declining manufacturing sector.

Many companies are facing difficulties related to dated equipment, a lack of capital investment and poor management techniques, but it is essential that they invest in new plant and adopt new technology if they are to become internationally competitive.

What is needed is a strong move to integrate technology and industry policy to revitalise and restructure industry and establish new enterprises with strong export markets. A close linking of technology, industry and trade would be most advantageous for Australia.

The OECD seems to have based its call for a strong Department of Science and Technology encompassing medicine, health, science and even defence research on circumstances

that are being faced in Japan and other countries. There the link between technology and industry works well, but there is no strong science base as in Australia, and the Japanese are now turning their attention to developing a basic research effort.

Australia has one of the lowest levels of industry-funded research of the OECD's 24 member countries, and spending has fallen sharply over the past 10 years.

Industry must be encouraged to boost its involvement in research rather than promoting more basic research in universities or government laboratories.

The OECD describes the Government's decision to split science and technology as "perverse", arguing particularly that the diminished status of the Department of Science could mean less funds for basic research.

This could be true, given the Government's determination to make university research much more relevant to national needs and priorities, and to persuade business and industry to pay for much more of the work. This does not mean that universities will necessarily have less money, but that the funds will be focused on specific applied problems that can be directly translated into products and processes or for use in the community.

The OECD examiners do agree with the Government on a number of other issues, such as the need for more

science and engineering education, a reduction of tariffs and bounties and tax incentives for industrial research and development. The Government has already announced a 150 per cent tax reduction for industrial research.

In addition, there are a number of positive ideas in the report such as sector-by-sector reviews aimed at developing specific technology policies for areas such as tourism and agriculture in a similar way to the current steel and car industry plans, and the need to encourage more multinational companies to establish facilities here in Australia.

These suggestions should be looked at closely by the Government and not ignored on the basis of misdirected criticism of the Government's decision to split the science and technology portfolio.

CSO: 4200/737

AUSTRALIA

AGE EDITORIAL ON AVERTING OF 'FANATICISM' IN INDONESIA

Melbourne THE AGE in English 20 Feb 85 p 13

[Editorial: "Averting a Threat From Fanaticism"]

[Text]

A PLEDGE of loyalty to the Government in Jakarta by Indonesia's biggest Moslem social organisation, Nahdlatul Ulama, should come as something of a relief not only to President Suharto but to Australia and the region. It may not be entirely fanciful to imagine that our nearest Asian neighbor, whose 160 million people are nearly all Moslem, one day could prove vulnerable to an Iranian-style fundamentalist fanaticism. It is a spectre that began haunting the Indonesian leadership even before independence. Their concern has been renewed on a number of occasions since then, most recently in September last year when at least 18 people were killed in a northern Jakarta riot with political and religious overtones. At the centre of the issue is Pancasila, the state ideology, the origins of which go back to the time of the Dutch and which has been developed as a means to depoliticise Islam. Pancasila is meant to consolidate national unity by eliminating once and for all conflicts based on ideological differences. Last September's incident demonstrated instead that the policy can be a

source of controversy and division. The Government is now trying harder to convince the more radical Moslems that official policy safeguards, not threatens, religious independence.

But the problem for the authorities is that Islam is experiencing a revival. Groups of fundamentalists and political radicals are being created. It is here that some of the frustrations inherent in a society of Indonesia's complexity and intensity may find a means of expression. To relate the Iranian experience to Indonesia may seem capricious given the sectarian, social and other differences. But the fact is that some of those who are now asserting themselves, few though they may be, look to Iran as a revolutionary inspiration. The Indonesian Government is well aware of how the nation's network of mosques and schools could be used as a way of spreading an Islamic or pseudo-Islamic militancy, particularly in a period of widespread discontent. Nearly two-thirds of the population now is younger than 30, too young to be emotionally moulded by the political traumas of the Sukarno era, including the massacre of the left in the mid-1960s. Some of them, in the years to come, may be prepared to imperil the stability that many of their parents have grown to cherish above all else. It is a threat that the Government will have to handle with considerable sensitivity.

CSO: 4200/737

AUSTRALIA

REPORTAGE ON FEBRUARY 1985 CURRENCY CRISIS

Exporters Exacerbate Crash

Sydney THE AUSTRALIAN in English 20 Feb 85 p 1

[Article by Carmel Dwyer]

[Text]

AUSTRALIAN exporters held more than \$2.4 billion overseas yesterday, exacerbating the crisis of the Australian dollar, panicking foreign exchange markets and sending the currency down to a new low of US70.20c.

If brought into the country, the exporters' overseas earnings could increase the exchange rate by 3c or 4c.

Freefalling from US74.40c on Monday night to a closing rate of US70.50c yesterday, the dollar recorded its largest daily fall since the devaluation in 1983. The dollar fell from US81.25c on February 1 to US74.40c on Monday, with the biggest daily drop no more than US1.5c.

The US dollar was strong again yesterday at 3.3085 D-marks and 260.80 yen, but our dollar fell faster than the greenback rose.

The disproportionate devaluation of our dollar — 13 per cent against the US dollar since the beginning of the month, compared with 4 to 5 per cent for other major currencies — would have been slower if there were more export business in foreign exchange markets.

Exporters stand to benefit greatly from the falling dollar and are understood to be holding about \$2.4 billion (about one month's total export revenue) overseas in the ever-appreciating US currency until they believe they have achieved an optimum rate or until they need the money onshore.

Before the dollar was floated in December 1983, exporters were required by the Federal Government to bring foreign

earnings back home. Now they may hold them overseas indefinitely.

Leading economists contacted by *The Australian* yesterday were unanimous in condoning the exporters' actions.

One said: "Our rural and mining industries take it on the chin when the markets go against them. They should take advantage of this situation."

The Federal Treasurer, Mr Keating, and his department have repeatedly refused to comment on the weak and volatile exchange rate, but are understood to be firm in their commitment to allow market forces to determine the rate.

The Opposition's spokesman on Treasury matters, Mr John Howard, said the low exchange rate reflected international concern over the leadership of the Prime Minister, Mr Hawke, in wake of the MX missile crisis.

Strong

"The Prime Minister's massive U-turn on this issue has thrown serious doubts on his capacity to stand up to the Socialist Left on the key economic issue," he said.

He also blamed rising industrial unrest and the blow-out in the current account deficit, which could reach \$11 billion, for the low confidence level.

The consensus in the business world is that the Government must take a firm hold of fiscal policy, including the current account deficit, and show a strong hand in dealing with industrial disputes which have undermined confidence since the Government was re-elected.

Economists yesterday were also in agreement that the Government should take no action to stem the dollar's fall.

Neatly summing up the mood of the business community, the chief economist of CRA, Mr John Macleod, said: "It would be a disaster if they intervened."

Some, including Dr Don Stemmer, of Bain & Co, pointed out that if the Reserve Bank intervened directly in the market on the Government's behalf, it would have to spend millions of dollars maintaining a higher rate.

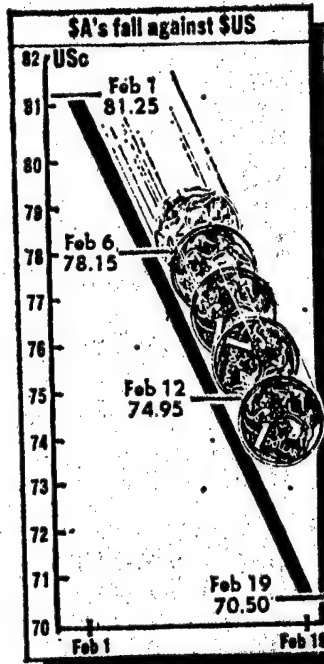
He said: "You have to consider the costs of intervention. It would mean big overdue changes when the support finished, it would mean higher interest rates and it would mean the Treasurer would have to spend two or three hours every day working out how to do it. In my view, intervention would be totally wrong. Even though the costs are high, the costs of intervention are higher."

Aside from direct intervention, the Reserve Bank could also contrive to influence local interest rates in the hope of the higher rates attracting overseas funds.

Such a manoeuvre recently proved relatively ineffective in Britain and is not favoured here.

The trade weighted index, a measure of how our currency is performing compared with those of our trading partners, is now down to only 71.5, compared with 81.3 at the end of December.

Our exchange rate against the yen has fallen from Y207 at the end of January to just above Y183 late yesterday.



Our dollar has fallen three times as fast against the greenback as the yen and the pound and more than twice as fast as the D-mark and the Swiss franc.

At these levels there is no doubt the lower exchange rate will be inflationary.

Hill Samuel economist, Mr Bruce Rolph, estimates that if these lower levels are sustained they could add about 4 per cent to the consumer price index, now pegged at 6 per cent for this year.

Despite the stronger US dollar, gold was steady at about \$US304 an ounce in yesterday's trading.

Effects of Rapid Dollar Fall

Sydney THE AUSTRALIAN in English 21 Feb 85 pp 1, 2

[Article by David Tomlinson]

[Text]

THE rapid fall of the Australian dollar will increase prices and the Federal deficit, placing severe stress on the prices and income accord and creating a a potential time bomb for the Government.

Leading economists could not agree yesterday on what measures, if any, the Government should take to combat the fall, but it seems certain that prices of a wide range of commodities will rise.

Consumers will inevitably feel the pinch — although the effects may not be felt for up to 12 months.

Movement can be expected in these areas:

PETROL will cost an extra 4c a litre from May in addition to the 1.5c a litre increase due next month.

MORTGAGES and borrowing rates could rise as much as five percentage points.

IMPORTED cars are expected to cost up to 15 per cent more.

IMPORTED clothing will cost more, although this will depend on the extent to which importers are prepared to cut profit margins.

OVERSEAS travellers can expect to pay up to 20 per cent more for tours.

GOVERNMENT charges and charges from semi-government authorities will rise as the Government is forced to meet the cost of servicing overseas debts.

A BLOW-OUT in the Federal deficit is expected as about \$200 million is added to the cost of servicing borrowings.

TAXES must be raised or Federal expenditure cut if the Government is to keep the deficit as forecast.

OVERSEAS debt, which now stands at 25 per cent of our gross domestic product — placing Australia in the same league as the debt-ridden countries of South America — will rise.

But it is not all bad news.

EXPORTERS of wheat, wool and minerals will receive up to 20 per cent more for their exports when the foreign currency earnings are translated into Australian dollars.

LOCAL tour operators are likely to benefit from both a higher number of Australians forced to holiday at home and an influx of foreigners, particularly Americans coming here to take advantage of our cheaper currency.

CARS with a high local content should become comparatively cheaper than imported models.

SHAREMARKET investors, particularly those who bought into mining and resources stocks, are reaping big gains. For these companies the lower dollar means higher profits.

Some economists yesterday predicted that the Consumer Price Index could rise as much as 3 to 4 per cent when the full impact of the falling dollar flows through.

The wage indexation system will translate the higher CPI into higher wages and start to undo the painful work which went into bringing our inflation rate down.

Higher mortgage rates and Government opposition to full wage indexation is unlikely to be welcomed by the trade union movement, placing the prices and incomes accord under severe strain.

On the other hand, say senior economists contacted yesterday, a failure by the Government to take a tough stand on the wage issue will result in a decline in confidence in its ability to manage the economy.

In market conditions which prevail, confidence is perhaps the most important factor determining the strength of our currency.

Capel Court's senior economist, Mr John Marsden, suggests that the inflationary impact of the lower dollar will mean a 1.5 per cent increase in the Consumer Price Index over the next 12 months or so.

Others, including Hill Samuel's economist Mr Bruce Rolf, believe the effect will be more severe, with prices likely to rise by 3 to 4 per cent.

Overseas tour organisers said yesterday the decline in value of the dollar against United States currency would lead to increased holiday fares, but the rises will not take effect for several weeks.

Both Viva Holidays and Jet Set Tours have announced increases.

The regional managing director of Pan Am, Mr Michael Merlini, said he expected a decline in ticket sales to the US, but not a drastic change.

"The package holidays offered by several airlines to the US are very competitive," he said. "Even when fares increase after May 15, it will still be an attractive destination for Australian tourists."

Semi-government authorities were yesterday denying the lower dollar would mean higher charges, claiming their overseas borrowings were held in a basket of currencies.

However, the dollar has fallen against all major currencies and the effect must eventually be felt either in lower profits or higher charges.

Mr Ray Block, of the investment bank Dominguez Barry Samuel Montagu, believes the level of semi-government overseas borrowings is dangerous and it is time to rein in their overseas activities.

In the motor vehicle industry, Australia's five local manufacturers stand to reap a sales bonanza from a 15 per cent across-the-board price rise on imported passenger cars, light commercial and four-wheel-drive vehicles.

Agricultural Exports Gain

Sydney THE AUSTRALIAN in English 21 Feb 85 p 2

[Article by Nigel Austin]

[Text]

THE fall in the value of the Australian dollar has meant gloom to most, but for New England woolgrower, Mr Sperry Coventry, it provided a nice bonanza at yesterday's Newcastle wool sales.

Overseas buyers, encouraged by this week's currency movement, pushed up wool bidding and increased the value of Mr Coventry's clip by \$150,000 above its value one week ago to a cool \$1 million.

Prices for many other rural-export commodities have also made considerable gains in the past two weeks. While the prices received for their goods remain at present levels, farmers will benefit with hundreds of millions of dollars in extra revenue.

But although farmers generally have benefited, the longer-term inflationary effects may eventually outweigh the gains made in commodity

prices.

For Mr Coventry, the immediate effect was a record sale and a personal peak price of \$68 a kg for a bale of specialty superfine wool.

Overseas traders were particularly keen to buy wool at yesterday's Newcastle auction; the next superfine wool sale will be held in October.

Mr Coventry sold 1000 bales of superfine wool at what was regarded as the best sale the Coventry family had ever had in its long history of woolgrowing — which dates back to the 1860s.

Mr Coventry, who shears 70,000 superfine sheep on his properties at Armidale in northern NSW, said this season's clip was the best he had produced in terms of both quality and quantity.

Superfine wool had a big future, but it was essential to keep promoting it overseas, Mr Coventry said. Superfine

wool prices have risen by at least 30 per cent since the start of the 1984-85 season. Most other categories have also been boosted.

Beef prices have also soared in recent weeks for Australian exporters to the valuable United States beef market with gains of 50c a kg to \$2.70 a kg.

The Australian Meat and Livestock Corporation's assistant general manager, Dr Bruce Standen, said significant improvements in the past month had continued this week although trading had slowed because exporters were waiting for stability to return to the market.

Dr Standen said that while the Australian dollar remained weak there would be a major injection of funds into Australia's beef and livestock sectors. But he warned that Australia had to guard against resulting inflationary effects.

Mining Exports 'Windfall'

Sydney THE SYDNEY MORNING HERALD in English 21 Feb 85 p 17

[Text]

The CRA Ltd group would show close to \$800 million more annual revenue on the difference between the US82c at which the Australian dollar began the year and the US68c at which it closed yesterday, a large part of which will fall through to pre-tax earnings for the mining giant.

Its fellow mining house, MIM Holdings, should similarly show close to \$200 million of pre-tax earnings that would otherwise not arise because of the sharp sinking of the Australian dollar.

Unfortunately for mining companies in general — and for MIM which turned in a \$46 million pre-tax loss for the half-year to December — it is not that simple, although as the rush on resources

stocks in the sharemarket yesterday suggests it comes very close.

Much depends on exactly where the Australian dollar ranges for the remainder of the year and also on the countervailing interest cost increases for the heavily foreign borrowed major mining houses as well as how rapidly the actual benefits feed through the various hedging and covering positions.

But on simplified workings, the scale of benefits to the big exporters is starkly evident.

It is clearest with the Hamersley iron mining subsidiary of CRA, which shipped 38 million tonnes of ore last year. Assuming a standard price of \$US18.50 a tonne for the iron, this tonnage of shipments was worth, at US82c to

the dollar, \$857 million.

At US68c, the same cargo is worth \$1,034 million, or \$176 million more despite no further on-site mining costs being incurred, although there would be some reduction from an increase in borrowing charges for funds borrowed in US dollars or other foreign currencies.

Take the currency further down to the US60c that has been banded about New York and the Hamersley iron is worth another \$137 million gross.

The Comalco aluminium smelting interests, setting aside the bauxite trading business, meanwhile would on a similar measure see the US82c earnings on its 320,000 tonnes of output trans-

late to \$455 million locally against \$548 million at the lower US68c rate, although part of its output is in New Zealand.

Applying the same logic to last year's minerals and metals output by CRA group members in lead, zinc, silver, copper, gold and coal — that is, prices steady at current US dollar levels and currencies steady for 12 months at varying rates — produces at the range US82c-68c revenues of \$2.51 billion to \$3.02 billion.

Taking the actual total of sales for CRA in 1983 of \$3.1 billion and presuming a US95c dollar for that year shows that US82c revenues would have topped \$3.6 billion and at US68c \$4.34 billion. At US60c, the revenues

are almost \$5 billion.

The MIM example, meanwhile, shows that by projecting annual sales of its range of minerals — again with prices unchanged from recent US dollar levels — total revenues would jump from \$1,096 million at US82c to \$1,326 at US68c. Call it US60c and revenues touch \$1.5 billion.

For MIM, the bulk of the \$230 million difference could be expected to fall to the pre-tax earnings level, as almost all its production facilities are local and almost all sales and debt are overseas.

With a total \$1.5 billion of debt at June last year falling in a variety of currencies, interest charges can be assumed to rise by

almost \$40 million with the weakening currency, which would leave the total gain at around \$190 million.

The stickier balance sheet problem — which applies to all groups — is that the debt itself balloons to \$1.65 billion at US82c or close to \$2 billion at US68c, providing an unrealised exchange loss of up to \$500 million to be dealt with.

Some will charge part through as an extraordinary loss, others directly through an exchange fluctuation account — but regardless, the massive cash flow and pre-tax and net profit benefits will be undimmed, if not as great as shown above.

Argentine Parallel Viewed

Sydney THE SYDNEY MORNING HERALD in English 23 Feb 85 pp 36, 33

[Text]

As the Australian dollar plunged this week it quickly acquired an unkind nickname — the Antipodean peso. But, as PETER FREEMAN reports, Australia won't be another Argentina.

Stunned by the sudden collapse of the Australian dollar, foreign exchange dealers this week began to mutter darkly about Australia's currency joining the ranks of those of South America's banana republics.

Plagued by runaway inflation, the currencies of such countries — which range from backward Bolivia to agriculturally rich Argentina — are notorious for their instability.

Coinciding with the run on the Australian dollar is the imminent appearance in local bookshops of a new publication entitled "Australia and Argentina on Parallel Paths."

The problems with our currency have given this already provocative title an even sharper edge.

According to the authors Tim Duncan and John Fogarty, Australia is on the Argentine track toward economic malaise and social divisiveness.

While stressing that we may not follow Argentina all the way down that disastrous track, they warn we

would do well to understand the process of deterioration which Argentina has experienced.

It is a warning which critics of Australia's recent economic performance will be quick to brandish in support of their case.

For many people — who lump in Argentina indiscriminately with those other South American countries, the most notable traits of which are military coups and hyperinflation — the mere suggestion of a comparison between Australia and Argentina will sound far-fetched.

For others, aware of some of the important similarities between the two countries, the same suggestion will provoke two questions: Is there really a risk Australia could emulate Argentina's slump into economic and social catastrophe and, if so, what can be done to avoid such a fate?

The short answer is that, despite the references to banana republics prompted by the recent unnerving hiccup in the Australian dollar, the differences which distinguish Australia from Argentina are so crucial that drawing worthwhile lessons from the Argentine experience is fraught with almost insurmountable problems.

The most important difference of all is the sharply contrasting political cultures of the two countries.

Other, less fundamental, differences are also extremely important.

Despite this and the popular perceptions (or lack of them) about Argentina, the similarities are not hard to find.

Both countries are largely populated by European migrants who built their economies on rural exports as a result of exploiting large tracts of rich agricultural land.

In following this course both became extremely rich.

By the time the Depression hit in the 1930s Argentina and Australia had joined the United States, Britain, Switzerland, Canada and New Zealand in being described as the countries with the world's highest living standards.

Subsequently both tried to build an industrial base behind protectionist barriers and, in the process, became increasingly urbanised.

They also became a lot poorer in terms of Gross Domestic Product per person compared with other countries. In Argentina's case, dramatically poorer.

Simplified, the theory is that Argentina's slide in wealth reflects the exploitation — through taxation, exchange rate policy and lack of official assistance — of the export-earning agricultural sector so as to finance the building of a protected manufacturing sector.

Operating without the discipline of real competition, and without a sufficiently large domestic market, the industries thus created lacked economies of scale and were not internationally competitive.

When export orders were won these were often the result of official, if covert, subsidies.

Further, the foreign exchange earned was frequently more than offset by the cost of imported machinery and raw materials needed in the manufacturing process.

All this helped precipitate frequent balance of payments crises.

These were followed by one devaluation after another and a seemingly endless series of sudden changes in economic policy.

The resultant uncertainty severely crippled investment not only in industry but, more importantly, in the agricultural sector where effi-

ciency gradually declined.

The result was economic disaster.

Summarised in this way, the parallel with Australia, after making allowance for differences of degree, seems close enough.

Yet generalisations can do one of two things — throw new light on an issue previously obscured by detail or distort the situation by oversimplifying it.

There is a risk that the drawing of parallels between Argentina and Australia may cause the latter rather than the former.

That Australia's economy hasn't collapsed as disastrously as Argentina's isn't, of itself, sufficient evidence to establish this claim.

For one thing, in a number of key economic areas, including the full-scale exploitation of its natural agricultural potential, Argentina has been decades ahead of Australia.

However, there are many important differences between the countries.

These include:

- Australia's strong minerals industry (Argentina lacks this);
- Our involvement in both world wars (Argentina stayed out);
- Our avoidance of economic nationalism combined with a reasonably strong international orientation (Argentina moved in the opposite direction) and
- Australia's strong Country Party built on a history of wide ranging rural ownership (much of Argentina's rural output has long been produced by tenant farmers who, not needing to defend ownership rights, have been less committed to strong political action.)

The last point is particularly important, since it meant that much more has been done in Australia to help agriculture (including the work of the CSIRO) than has been the case in Argentina.

Yet there is one reason which stands out above all others in explaining why the Australian economy, while performing unspectacularly, has remained firm while Argentina's has crumbled.

That reason is political culture. The key ingredient of this has been

the Australian willingness not to regard politics as a fight which results in the winner taking all.

In Argentina the opposite has been the case. There, politics has long been a zero-sum game.

It is not even necessary to cite as evidence the series of coups and counter coups which have occurred in the past 50 years.

Even early this century, during a time of enormous prosperity and constitutional government, the then Argentine President, Hipolito Yrigoyen, used his powers to crush opposition strongholds and then impose central discipline on his own party.

In contrast the closest Australia has come to political chaos was in the Great Depression.

But although Australia suffered 28 per cent unemployment, constitutional government faced only a half-hearted challenge.

In Argentina, with only 6 per cent unemployment, the Government was overthrown in that country's first

full-scale military coup.

The reasons why the rules of the game have held firm in Australia but were quickly discarded in Argentina are many.

Cultural and racial background are unquestionably important.

So is the differing colonial and independence experiences of the two countries.

Whatever the details, the tendency to look for compromise solutions, of avoiding sharp breaks with past policies, has created in Australia a political environment vastly less economically destabilising.

The Hawke Government's attempt to positively promote consensus, especially in the area of wage fixing, merely takes this tradition a step further.

If Argentina has a lesson for Australia it is to underline just how important are efforts to reach consensus decisions.

Without such decisions there is a risk Australia will slip closer to the Argentine situation, where battles over income shares are just that — battles.

Long-Term Implications 'Chilling'

Melbourne THE AGE in English 21 Feb 85 p 1

[News analysis by Kenneth Davidson: "We Must Restructure or Become a Poor Country"]

[Text]

CANBERRA. — The collapse of the Australian dollar against the US dollar is a function of two things:

- The attractiveness of the US dollar to non-Americans, which seems to be increasing even as the US balance of payments is deteriorating from approximate balance only a couple of years ago towards a current account deficit of about \$130,000 million this year.

- The Australian dollar is a commodity currency and commodity prices — for goods, metals and energy — which constitute 70 per cent of Australian exports, are declining still, though the world economy has moved into the third year of economic recovery.

The first factor in the decline in the value of the Australian dollar is a paradox which nobody can explain. Only a few months ago the world's so-called experts were predicting that the Reagan budget deficits and the widening balance of payments deficit in the US, in

conjunction with large surpluses in Japan and West Germany, could lead to a sudden collapse of the US dollar with a consequent crisis for world trade and capital flows.

We now have the opposite crisis to what was predicted. Whatever happens in the "real" (as distinct from financial) economy, the reaction of financial markets is to push the value of the US dollar up and the value of other currencies down, even though, as in the case of West Germany and Japan, they are enjoying export-led recoveries with little sign of a resurgence in inflation.

Although explanations of varying sophistication have been offered for recent currency movements having been the opposite to that predicted in the classical text books, all we can really say about the global situation is that foreigners want to hold more American dollars than they need to finance their transactions with Americans.

The consequence of this unexplained phenomenon is that non-American governments have had to run tighter domestic monetary policies to push up their interest rates vis-a-vis American rates to increase the relative attractiveness of their currencies.

High interest rates and uncertainty about exchange rate stability are inhibiting and could strangle the present global recovery.

But Australia's problems go beyond the global problem. The Australian dollar is declining in value not only against the US dollar but against the currencies of our other major trading partners in Europe and Japan.

In less than three months, the Australian dollar has declined 18 per cent against the US dollar and 13 per cent against the trade weighted average of the currencies of our major trading partners.

There is an underlying reason for this which has chilling implications for the long-term standard of living of all Australians relative to the rest of the world.

Political developments, such as the European common agricultural policy, are squeezing Australia out of agricultural markets and technological developments are diminishing the demand for Australian raw materials and energy exports.

This means that Australia will become a poor country unless we can develop new growth industries which will be internationally competitive to fill the gap left by stagnating industries.

This relative decline is expressed at first through a growing reluctance by foreigners to hold Australian currency.

But these developments have been apparent for some time, at least since foreigners have become eager to sell off miners to Australian companies. The question remains: What has precipitated the apparent sharp decline in

confidence by foreigners now?

Recent speculation that the Australian current account deficit for 1984-85 could be \$10,000 million to \$11,000 million, and thus one of the largest in the world relative to total gross domestic product, has concentrated some minds.

As well, international investor confidence in the Hawke Government's ability to manage the economy may have been shaken by the reversal of the decision to help the US test MX missiles especially if, as is suspected in Canberra, this fact was drawn to the attention of the New York money markets by the Reagan administration.

If the Australian dollar does not improve from the present historic low, higher import prices which are one consequence of the decline in the value of the dollar will add about three per cent to the inflation rate over the next 18 months.

To prevent imported inflation which would threaten the prices and incomes accord, the Government may be forced to lift domestic interest rates to attract funds back to Australia.

But irrespective of short-term fluctuations in the Australian dollar, the long-term outlook is for a relative decline in the value of the Australian dollar against other currencies until there is a fundamental restructuring of the Australian economy.

Even with widespread community understanding of the nature of the problem and consensus about policy solutions, restructuring will be a long-term process.

And at this stage neither the Government, the Opposition nor the business community and the trade unions have shown that they are aware of the problem facing the Australian economy, let alone the policies which will be needed to reverse the trend.

25 April 1985

AUSTRALIA

TREASURER TO SEEK EXPANSION OF FOREIGN BANKS

Sydney THE AUSTRALIAN in English 12 Feb 85 pp 1, 15

[Article by Bryan Frith]

[Text] THE Federal Government now appears likely to allow considerably more foreign banks to operate in Australia than its original target of six.

The Treasurer, Mr Keating, will ask Cabinet for approval to expand the number of banking licences to be issued and hopes to be able to announce the outcome before the end of this month.

Although Mr Keating declined to specify a new target figure, he did give a strong pointer that considerably more than six licences will be approved — perhaps as many as 15 to 20.

Mr Keating disclosed the revised approach at a seminar in Melbourne yesterday, The Australia Forum arranged by the influential US magazine Institutional Investor, attended by 250 local and overseas business executives.

He said that the economy faced a period of unprecedented growth and that the Government had decided not to change the existing foreign investment policy over the entry of foreign banks.

The change of thinking on the number of banks was brought about by the quality of the applications.

"I now have to say that the quality of the applications and the potential benefits they offer for Australia unequivocally argue for more authorities to be issued than might earlier have been envisaged," Mr Keating said.

"Just how many new banking licences there should be and the identity of the successful applicants has still to be decided by Cabinet," he said.

Mr Keating said the Government had received 42 applications for bank licences and pointed out that "well over half" not only met all the relevant banking policy prudential requirements, but also offered substantial benefits through increased competition and additional services to the Australian community.

Mr Keating said almost all of the world's leading banks had submitted "attractive proposals".

He said their presence as banks in the Australian bank-

ing scene would add to the overall stability of Australia's financial system as they would become subject to the stringent prudential supervision of the Reserve Bank.

These institutions were strong, well managed and prudentially sound and their entry would "in no way" prejudice the undoubted stability and high prudential standards of Australian banks.

Opportunity

Mr Keating indicated the present round of licences would be the only opportunity for foreign banks to gain local entry.

"If we had received a poor response we might think of a second go," he said.

Instead the large number of outstanding proposals provided a great opportunity to turn a first class banking community into a great banking community.

Mr Keating said he thought Australia "can, and probably will, be one of the great financial centres in the world".

Mr Keating doubted that any future coalition government would open the way for a further round of bank licences — "the Opposition want this settled".

He also said a greater opening up in the future might weaken rather than strengthen the financial system.

The Government now faced the difficult task of making its choices, which was basically an exercise in trading off different sets of potential benefits.

Mr Keating said the process was complicated by the need to achieve appropriate geographical representation and regard for trade, foreign relations and reciprocity considerations.

Mr Keating indicated a lack of enthusiasm for proposals which involved existing State banks, but he disclosed that several of the "more competitive applications" had designated Melbourne as their intended head office.

"State premiers and treasurers have strongly argued that another consideration which should be heavily weighed is the city chosen for their

Australian headquarters by the various applicants," Mr Keating said.

"While I understand the importance of this issue to John Cain and the other premiers, I would not like Australians generally to lose sight of the fact that the main benefit from new banks is the more dynamic and competitive financial system their presence will produce."

Mr Keating would not comment whether an increase in the number of bank licences would mean several 100 per cent foreign-owned banks.

The Government's stated preference for new banks was a minimum of 50 per cent Australian equity, but it was prepared to consider lesser percentages of local equity for proposals which would bring "significant benefits" to Australia.

Mr Keating said he did not anticipate any objections from within the Labor Party to a greater number of foreign bank entrants.

Asked about the Australian group Elders IXL, which is known to want a domestic bank licence, Mr Keating said this was simply a threshold question on the lot of trading companies in banks.

This was a matter which was still being discussed.

Elders had not strictly lodged an application, but "the bones of what may form a proposal".

Mr Keating referred to a statement made late last year that he and the Prime Minister, Mr Hawke, planned to discuss the application of foreign investment policy in the light of the decision to admit foreign banks, and in particular, any increased foreign investment that might be generated by the presence of those banks.

"After considering the matter we can see no reason to amend the policy; we believe the current guidelines are adequate to cope with these changing circumstances."

Mr Keating said that in general foreign investment was welcomed where it was consistent with the needs and aspirations

of the Australian community.

Assessments of recent foreign investment proposals had been weighted heavily to their development and employment aspects.

The Government did not want to put at risk major new investment proposals and related construction and employment opportunities.

Mr Keating again took the opportunity to express confidence in the state of the economy.

He predicted that the Australian economy would have a period of unprecedented prosperity, at least when considering the experience of the 1970s. He was looking forward to a much larger upswing in the business cycle than any time in the 70s.

Mr Keating again said that he expected the Budget forecasts of 4 per cent real growth in total Gross Domestic Product would be realised despite somewhat weaker growth than expected in the September quarter.

Business fixed investment and private consumption might be slightly higher than expected at Budget time, private capital expenditure was expected to increase sharply, retail sales had increased, and the forecast inflation rate for the year of around 5 per cent was "on track".

The increase in employment since the trough in 1983 was 300,000 and the Government seemed set to achieve its 1983 election commitment to create 500,000 jobs in its first three years in office.

Looking ahead Mr Keating said a shift in the recovery from the public to private sectors was essential for long-term growth.

The Government had set down medium-term fiscal policy objectives which would provide full scope for the private sector to take over as "the engine of growth".

"These are our trio of commitments; in 1985-86 and over the term of the Government the Budget deficit will be reduced as a proportion of GDP, Commonwealth tax revenue will not rise as a share of GDP and growth in spending will not exceed real economic growth."

AUSTRALIA

OVERSEAS DEFICIT SWELLS, DOLLAR PLUNGES

Melbourne THE AGE in English 13 Feb 85 p 1

[Article by Russell Barton]

[Text] CANBERRA. — As the Australian dollar slumped to a new low yesterday, the Treasurer, Mr. Keating, admitted that Australia's deficit on its overseas account was running "significantly" above budget estimates.

This coincided with the release of balance of payments figures which showed that for the seven months to the end of January the combination of the trade deficit and the cost of freight, insurance and some other overseas trading costs totalled \$6881 million — close to \$1000 million a month. This compares with \$3934 million at the same time a year earlier.

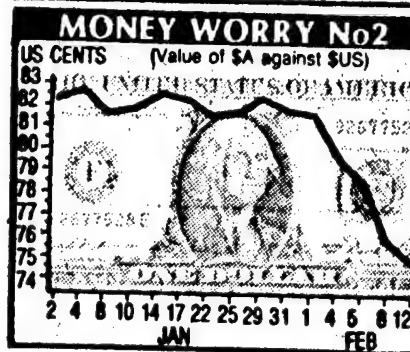
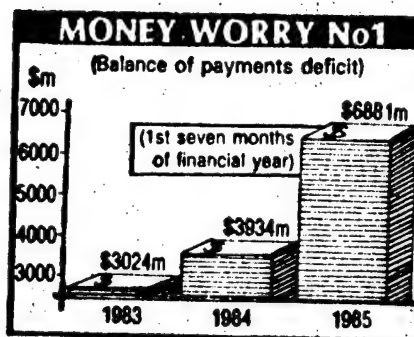
The figures indicate that the current account deficit could end the year close to \$11,000 million, compared to \$6697 million for 1983-84 and the budget estimate of about \$8000 million.

The figures provide a grim backdrop to the continuing decline of the dollar's value against its US counterpart. At one point yesterday the dollar slumped to be worth just US74.85 cents but recovered to close the day on the foreign exchange market at 76.33 cents.

The ballooning current account deficit and the continuing strength of the US dollar in world markets are behind the local dollar's slide.

Mr Keating sought to explain the balance of payments figures and find some hope for improvement. He said the widening trade deficit was "a function of our good fortune" — that Australia's strong economic recovery had generated a higher demand for imports.

The cost of imports so far this financial year has totalled \$17,186 million (last year \$13,106 million); exports have reached only \$15,622 million (\$13,488 million last year), leaving a cumulative trade deficit of \$1564 million (\$382 million).



Mr Keating said that part of the higher imports purchases had resulted from increased demand for items not made locally — such as computers and associated equipment, and defence equipment. Overseas-owned companies had also been sending more of their profits back home, presumably because of the strong US dollar.

At the same time Australia's traditional exports of commodities were selling well but at depressed world prices.

Mr Keating said the fall in the dollar would work to reduce the overseas deficit, commodity prices should improve, and the cost of so-called "invisible" items would slow as companies sent less of their profits back to overseas parents.

But the Treasurer also used the gloomy figures to call for the "fullest possible support" in taking the "hard decisions" to cut government spending in the budget.

"It must come from an acceptance by the whole community of the need for rationalisation of government expenditure and the need for particular interests to be viewed against the overall requirement to maintain strong economic growth.

"Too often, the Government is castigated for any reductions or rationalisation of government programs while at the same time it is criticised for lack of determination in controlling its overall spending and in reducing the deficit," Mr Keating said.

The Opposition Leader, Mr Peacock, said the Government had to take heed of the warning contained in the balance of payments figures if the tentative recovery was to continue.

The fall in the dollar would make imports dearer and fuel inflation. While the level of inflation here remained above that of Australia's trading partners exports would be less competitive.

"This is all the more important with a 2.7 per cent across-the-board increase in national wage rates ahead of us and the possibility of a further rise in the productivity case, if the ACTU has its way," Mr Peacock said.

The Australian Council of Churches said yesterday that the effect of the falling dollar on Australia's relief efforts in Africa would be considerable and an appeal would be made to the Prime Minister, Mr Hawke, for additional support.

CSO: 4200/725

AUSTRALIA

NATIONWIDE PAPER CONDEMNS SRV IN EDITORIAL

Sydney THE AUSTRALIAN in English 18 Feb 85 p 8

[Editorial: "Vietnam Condemned"]

[Text]

THE report on human rights submitted by the State Department to the United States Congress, which has accused Vietnam of having the worst human rights record in Asia, deserves the closest consideration by Australian foreign policy makers. It is now just a little short of 10 years since the fall of Saigon, and Vietnam's continued ill-treatment of its own citizens cannot possibly be blamed on any war exigency.

Moreover, in the past 10 years Vietnam has sent armies of occupation into Kampuchea and Laos. It is plain that the puppet Heng Samrin regime in Kampuchea would not survive without the backing of the Vietnamese military, which continues to wage a bloody war against thousands of rebel Kampuchean guerillas, especially in West Kampuchea. Similarly, the Lao People's Revolutionary Party regime in Laos would not survive without the presence of the more than 50,000 Vietnamese troops permanently stationed there.

As the US State Department report points out, Vietnam's determination to rule Kampuchea and Laos, as well as its maintenance of a military dictatorship within Vietnam, requires it to maintain the world's third-largest army, even though Vietnam has one of the world's lowest per capita incomes.

Equally as horrific as Vietnam's

brutal subjugation of Kampuchea and Laos is the violent totalitarian repression it has instituted within its own borders. The flood of refugees risking and often losing their lives to escape from Vietnam, Laos and Kampuchea is undeniable testimony as to the nature of communist rule in Indo-China.

Australia is fortunate to have been able to offer a new home and a second chance to tens of thousands of these refugees. Their testimony of the life they have escaped is too often ignored.

The Vietnamese communists stand condemned as barbarous oppressors. Australia's policy on Vietnam has been fatuous. We have muted our condemnation of its actions in the unrealistic hope that it will allow us to act as intermediaries in negotiations involving Kampuchea. The Australian Government has also argued that conciliatory words towards Vietnam will help entice it away from the Soviet sphere of influence.

Honour, sensitivity towards the refugees who have settled here, and the memory of Australia's soldiers who fought in Vietnam are merely three of the factors which should compel us to condemn, in the strongest possible terms, and in every international forum, the barbarism of Vietnam's modern war lords.

25 April 1985

AUSTRALIA

DEFICIENCIES OF ARMED FORCES ANALYZED

Sydney THE AUSTRALIAN in English 13 Feb 85 p 9

["Defence" column by Peter Young: "Putting Bang Back in the Military Buck"]

[Text] LAST year the Defence Department cost you, the Australian taxpayer, more than \$5,500,000,000.00 (five point five four billion dollars, to be exact). That's the equivalent of \$350 a year or \$7.63 a week for every man woman and child in Australia; 10 per cent of the entire national Budget and almost 3 per cent of the Gross Domestic Product.

In return for that staggering amount — which comes to around \$101,000 for each of the 72,000 men and women in our armed forces — you ended up with a defence force which the recent joint parliamentary committee investigating the state of our armed forces condemned as being "unable to meet even low-level threats in a timely and effective manner."

The reason is that despite the average \$4.3 billion you have been pouring into defence over the past four years, we have an Army that can't even field one full-time division, a logistic support that can't maintain anything larger than a brigade for a very limited period and a first-line infantry force of six regular battalions — only two of which are at full establishment.

In the air, we have a force grouped around 133 combat aircraft and 75 new (\$50 million a copy) F-18 fighters

which will have neither the in-flight refuelling tankers, the airborne early warning aircraft, the forward bases, or the nationwide radar grid needed to make them fully effective.

Despite these deficiencies, those 75 aircraft will be expected not only to meet their prime role of air defence and what the army despairingly accepts as the all but forgotten role of ground support, but also the newly acquired one of fleet protection — something that few sailors believe they are capable of.

At sea, we have what is accepted as little more than a brown-water Navy organised in support of six conventional submarines, 13 frigate-destroyers — with the latest versions still floating around without their vital eye-in-the-sky helicopters — 21 patrol boats and one old, wooden minesweeper. All this is led by a Fleet Commander whose flagship is a fleet repair and maintenance ship.

You are also paying for a 25,000-strong defence bureaucracy, larger than both the Navy or Air Force.

On the credit side, however, the taxpayer is getting an undeserved level of professionalism and dedication from the services considering their poor pay and conditions of service. And, to be fair, there is a variety of new technology equipment items in the pipeline — though they are being bought in little more than token numbers.

Something is really wrong

But don't get too complacent. The Japanese, with a defence budget only two-and-a-half times that of Australia, maintains a standing force of 250,000 and an Army of 13 divisions backed up by a further three-division equivalents of combat support forces, plus a first-class logistic effort that reaches all the way back into the factory floor.

At sea, they have a front-line force of 14 submarines, 32 destroyers and 18 modern frigates. Unlike Australia, they accept the lessons of the Falklands and have a Fleet Air Arm made up of 81 combat aircraft and 81 seaborne combat helicopters.

In the air, they have some 270 combat aircraft, including their home-made F-15 fighters, backed up by a formidable array of support aircraft and an air defence system with sophisticated aircraft control and warning radars designed

to meet the latest that the Soviets can throw at them.

It is true that we have different standards of living, but this must be measured against the fact that Japan came out of the war utterly devastated, yet while restricted to spending less than one per cent of Gross Domestic Product on defence and an average outlay of only \$US47,000 per man, it has one of the most effective and best-equipped forces in the Pacific

— with a defence industrial potential that could expand to become a world supplier almost overnight.

On a more comparable scale, Canada, with one of the highest living standards in the world and a population of only 25 million, has a defence budget only 20 per cent or so greater than Australia, with the same average expenditure of \$A101,000 for each of the servicemen who make up her 82,000 strong armed forces.

Despite this small difference in defence spending, however, the Canadian army not only manages to field two full brigade groups, complete with armoured support and a special service force akin to our own Operational Deployment Force, but maintains one full mechanised brigade group in Europe under the NATO alliance.

The Canadian Navy is only one-third the size of Australia's, primarily because of its reliance upon the United States, but even so they maintain three submarines, 20 anti-submarine destroyers — with six more on order — and support ships on a scale comparable to our own.

In the air, the Canadians have 160 combat aircraft, with 58 F-18s on order and 32 combat helicopters, and special maritime and ground attack groups, while maintaining one complete air group in Europe. They also have a major early warning and radar system.

Figures, of course, can be made to mean anything, and doubtless there is already a task force of first assistant secretaries within Defence hard at work checking mine. But the question that must be asked is: Are we getting value for our money?

The individual Japanese soldier may cost less than ours and Japan may have a far more developed defence industry. But like Australia's, their army is made up of volunteers and their standard of living is rising while their defence industry was built up

from scratch. Yet their capability purchased at less than three times the cost of our own is incomparably greater.

Canada enjoys the benefits of living next door to the United States and her forces have been fashioned accordingly. Like Australia, however, she has a small population

and shares many of the same problems, including the same attitudes of not bothering about defence until it's too late. Despite this, her armed forces still pack an undeniably better punch than ours out of all proportion to what she spends.

More important, their defence forces haven't been so shockingly indicted by an expert parliamentary committee as ours were recently.

They weren't accused of having a questionable intelligence and surveillance capability, a command structure in need of overhaul, poor logistics, and combat forces able to do little more than fend off low-level threats because of economies and cutbacks that have carved into training time and operational muscle.

Australia emerged from World War II with a military expertise able to deploy, command and maintain mass armies. We also had a burgeoning defence industrial capability that made its own armaments, ships, tanks and aircraft. Since then, however, our defence capability has steadily drifted downwards.

The average Australian is no fool, and it is becoming increasingly obvious that something must be seriously wrong if the fine men and women who make up our armed forces have neither the tools nor the organisation to do the job.

Perhaps it's time for the sort of a thorough overhaul and investigation announced by the Minister on Monday to find out if we are getting value for our defence dollar after all.

BRUNEI

BRIEFS

BRUNEI DETENTION LAW--Brunei Darussalem has implemented a policy of detention without trial against criminal offenders in the country. A government official disclosed in Bandar Sri Begawan that the action is in line with a recently enacted law in that country. The new law will help overcome problems caused by illegal immigrants, especially those coming from neighboring countries. [Text] [Jakarta Domestic Service in Indonesian 1000 GMT 20 Mar 85]

CSO: 4213/191

INDONESIA

BORDER CROSSERS 'POLITICAL TIME BOMB' FOR PNG AUTHORITIES

Sydney THE SYDNEY MORNING HERALD in English 14 Feb 85 p 7

[Article by Peter Hastings]

[Text] **6 The fact is that the OPM must now be recognised as an increasingly effective political organisation.**

There are around 10,000 Irianese, maybe a few more, in so-called refugee camps stretching south from Blackwater Camp at Vanimo on the north coast of New Guinea to the swampy Fly River in Papua's Western province.

About 2,000 of the border crossers live in the northern camps, including 600 or so at Blackwater. The latter comprise many members of the Irianese elite who fled Jayapura after the February 1984 flag-raising incidents led to Indonesian reprisals and increased activity by the OPM (Free Papua Movement).

The Blackwater people most closely fit the UNHCR definition of refugee and many of them would certainly be in danger of life or liberty if they returned.

The southern crossers are something new. The majority came over last April and May and have settled in eight camps - Kuiu (1,000), Niogombin (600), Atkamba (800), Timkwe (500),

Yogi (800), Komokpin (2,000), Kungim (1,100) and Tarakbits (1,100).

With the exception of the Tarakbits people, linguistically related to the Ningerums further north, the settlers are longrum speakers.

Longrum speakers live on both sides of the border and as a result, the southern crossers have been given land and have started gardens.

Some, like the Tarakbits Camp people came across in dreadful physical condition. It has been the devil's own job - it always is in a Melanesian village situation - to establish with any certainty what drove them out.

There were obviously heavy-handed Indonesian activities in the first instance - careless or vindictive patrolling, short-tempered and irresponsible camats (patrol officers) or beatings. Just as clearly there is evidence that OPM activists in the south, under the leadership of Gerardus Tomi, have been able to manipulate most into believing by promoting fear of the Indonesians or simply by exploiting situations caused by Indonesian mismanagement or worse.

The Member for North Fly, Mr Warren Dutton, onetime kiap (patrol officer) and Kiunga businessman, believes the OPM's are 60 per cent responsible.

Other border kiaps I have known for years and whose judgment I respect, put OPM responsibility much higher at 80 per cent.

The fact is that the OPM must now be recognised as an increasingly effective political organisation.

The OPM has few firearms. Its main weapons are traditional bows and arrows, but the movement has mobility, tenacity and a capacity to organise that one would not have suspected a few years ago.

There are plenty of activists, probably between 400 and 600 in the Fly River area.

Most of the refugees, even if hungry and sick, came across the border well prepared. The people at Kungim certainly were. They arrived with teachers, catechists, books, hymnals and, a kiap told me, "most of their pots and pans."

The obvious inference is that their entry into PNG was carefully planned by the OPM.

Most of the longrum-related speakers who live in seven of the eight camps are being given land by the local people who are their kinsmen. In addition, to the gardens they have established, they get UNHCR rations of rice, tinned fish and other foods as well as drugs and medical treatment. The UNHCR spends about \$US3 million annually on the border crossers' upkeep.

The worst off are the Tarakbits

people who have no land, suffer from malaria, TB, respiratory diseases and malnutrition and depend on UNHCR supplies.

Most of the people I spoke to in the camps I visited were unanimous in saying they would never return to Indonesia.

This must be accepted as true because a Filipino and Malaysian priest both had to be removed because camp dwellers thought they were Indonesians and would have done them damage.

But there are other reasons for remaining. They have land, even though they have to pay their kinsmen for it, they have food, free medical treatment and drugs.

Another reason is that the OPMs are active in the camps. The OPMs come across at night to get food from the women — who with children form the majority — and to ensure that the camp dwellers stay in PNG. Back on the other side the men gather food, keep a watch out for Indonesian patrols and remain in contact with other OPMs.

The camps present PNG with an enormous future political problem because they are slowly becoming bases for OPM "operations" in Irian Jaya. As bases they contain food, medical and other supplies available at any time to the OPMs, who seem to come and go freely.

While the PNG Government wants the refugees to return to Irian Jaya it knows it cannot force them to. In the first place they have constitutional problems. Each crosser might have to be individually charged as an illegal migrant and his case heard and dealt with. An impossible task.

An administrative order for their return, even if legal, would require PNG's Melanesian policemen to send Melanesian border crossers back into Indonesia against their will. This is equally impossible. Any government attempting it would face loss of office.

An additional problem is the fashion in which the whole border north to south is becoming thoroughly politicised. The majority of PNG nationals working on the border are pro-OPM. So are many expatriates. One has only to talk to the missionaries to realise that.

CSO: 4200/733

INDONESIA

VICE ADMIRAL PRASODJO MAHDI, AMBASSADOR TO PAKISTAN

Jakarta ANTARA NEWS BULLETIN in English 12 Mar 85 p A1

[Text] Jakarta, March 11 (ANTARA)--The government of the Islamic Republic of Pakistan has given approval to Vice Admiral Prasodjo Mahdi to be appointed Indonesian ambassador to that country.

A spokesman of the Foreign Office said Monday Prasodjo Mahdi is replacing his predecessor Fawdji Abdul Rani.

Born in Madiun, East Java, in 1927, Prasodjo Mahdi is graduate of the Amphibious Course for Foreign Senior Officer in Colorado, the United States.

He was director of the Armed Forces Command and Staff School in Bandung from 1981-1983.

From 1969-1970, Prasodjo Mahdi was Chief of Staff of the Central Maritime Territory in Ujungpandang, South Sulawesi.

Prasodjo Mahdi represented Indonesia to the Joint Patrol Agreement between Indonesia and the Philippines in Davao in 1970.

In 1981, Prasodjo Mahdi joined a series of conferences dealing with the international law of the sea.

CSO: 4200/732

INDONESIA

MAJOR GENERAL SOEHARTO PARTOATMODJO, AMBASSADOR TO BURMA

Jakarta ANTARA NEWS BULLETIN in English 15 Mar 85 p A5

[Text] Jakarta, March 15 (ANTARA)--The Indonesian foreign office has announced that the government of the Socialist Republic of the Union of Burma had given its agreement on the appointment of Major General Soeharto Partoatmodjo as Ambassador Extraordinary and Plenipotentiary of the Republic of Indonesia to the Socialist Republic of the Union of Burma, to replace Ambassador H. Asnawi Mangkualam who has concluded his term of office in that country.

Major General Soeharto Partoatmodjo was born in Kediri, East Java, April 5, 1927. He received his military training at the Indonesian Military Academy (1946-1950) as well as from the Army Staff Command College (1968) and from the Lemhanas (National Defence Institute) in 1976.

He saw military service from 1950 through 1968 in various units of the Army, in 1971-1974 he was military Attache in Beograd, Yugoslavia. He also served at Army Headquarters (1978-1983) and at Armed Forces Headquarters (1983).

Ambassador Soeharto Partoatmodjo is married and has three children.

CSO: 4200/732

INDONESIA

COMMENTARY ON SRV TROOP WITHDRAWAL, PRC RESPONSE

Jakarta Domestic Service in Indonesian 1200 GMT 30 Mar 85

[Text] The Vietnamese News Agency, VNA, yesterday announced that Vietnam will start withdrawing some of its troops from Cambodia in April. The Vietnamese troops that will be withdrawn immediately include infantry divisions and technical brigades.

On the same day however, the Chinese News Agency, XINHUA, said in its commentary that the partial withdrawal of Vietnamese troops from Cambodia as announced by VNA is a farce, because the number of Vietnamese troops stationed in Cambodia will remain the same, although the partial troop withdrawal will be the fourth thus far.

The Chinese News Agency commentary, signed by Huang Yuan, was expected just as it has been in the past, but this time--perhaps by coincidence--the announcement on the partial withdrawal from Cambodia was made after Prince Sihanouk, a leader of the CGDK, had offered in his recent visit to Australia to hold a colloquium by inviting all countries concerned, including China and the Soviet Union, to discuss the Cambodian issue. In its reaction to Sihanouk's offer, China expressed its unwillingness to participate in the colloquium as long as all Vietnamese troops have not been withdrawn from Cambodia. Sihanouk, who later visited China, says that China's attitude is intransigent, but the Khmer Rouge, one faction of the CGDK, does not agree with Sihanouk's criticism of China.

Against this background, Vietnam's announcement of a withdrawal of some of its troops from Cambodia will probably be accepted by everyone except China, who declares that only when Beijing's demand has been met by Hanoi can Sihanouk's proposal be implemented.

In his recent visit to Australia, the Soviet deputy foreign minister, Mikhail Kapitsa, said that the Soviet Union and Vietnam have agreed on Sihanouk's offer. Therefore, China feels it necessary to express reservations about Vietnam's announcement of a partial withdrawal of its troops from Cambodia.

Despite the recent improvement in relations between the PRC and the Soviet Union, China's attitude toward the Cambodian issue remains firm, especially because the troop withdrawal announcement was preceded by Vietnam's biggest dry-season offensive since its occupation of Cambodia.

MALAYSIA

MUSA HITAM ON STAND AGAINST COMMUNISM, EXTREMISM

BK010809 Kuala Lumpur UTUSAN MALAYSIA in Malay 12 Mar 85 p 2

[Text] Kuala Lumpur, 11 March--Datuk Musa Hitam today stressed that the Malaysian Government will never apologize to any parties for its present uncompromising anticommunist and antiextremist stand.

He said that continued action against the communist and extremist groups had successfully brought about political and economic stability to the country where its multiracial people are quite sensitive to their respective cultures, religions, and sentiments.

"Any sensitive issues will bring about riots in the country. Accordingly, the government will not compromise with the two groups," he stressed to 18 Western newsmen who called on him here today.

The newsmen belonging to various Western news agencies are on a 4-day visit here under the auspices of the UNHCR [United Nations High Commission for Refugees].

All of them visited Vietnamese refugees on Bidong Island yesterday and will visit a temporary refugee camp in Bungai Besi this evening prior to their departure for Hong Kong tomorrow.

On the communist terrorists in the country, the deputy prime minister said that the government knows all communist operations and that all steps to stem their activities are undertaken regularly despite their present limited activities.

He added that there are now about 2,000 terrorists operating along the Malaysian-Thai border. But only 200 of them are Malaysian citizens with the remainder being Thai citizens.

"The government knows all their tactics and strategies. They are trying to turn the Communist Party of Malaya into a multiracial party--not an exclusively Chinese party as in the past," he said.

CSO: 4213/192

MALAYSIA

BRIEFS

MINISTER RELEASES ELECTION MANIFESTO--The Sabah chief minister, Datuk Harris Salleh, says that the forthcoming state elections will enable the people to confirm their rejection of the politics of communalism and religion which undermined the socio-political and economic situation in the past. He said this when he launched the manifesto of the Berjaya Party for the elections in Kota Kinabalu today. The party guarantees that it will maintain freedom, stability, and development to create a progressive, happy, and prosperous society. Berjaya is a component party in the National Front. In a message to Berjaya, Datuk Sri Dr Mahathir says that the party has a good record in the socio-political and economic development fields. Berjaya has achieved communal harmony, economic progress, social justice, and political stability during its 9-year old rule. The prime minister says that every vote for front candidates means a vote for unity, peace, progress, and prosperity. [Text] [Kuala Lumpur Domestic Service in Malay 1900 GMT 3 Apr 85]

CSO: 4213/192

NEW ZEALAND

AUCKLAND DAILY FINDS READERS DIVIDED ON ANZUS

Auckland THE NEW ZEALAND HERALD in English 12 Feb 85 p 5

[Text] Letters on the Anzus controversy flooding in to the editor of the *New Zealand Herald* are about evenly divided on the Government's refusal to allow United States nuclear warships to enter New Zealand harbours.

Some correspondents question whether the Government enjoys a mandate for its nuclear policy, and urge that it hold a referendum.

V. Livingstone, of Green Bay, summarises this attitude with: "If the Anzus Treaty and New Zealand's vital relationships with its allies are to be drastically altered because the New Zealand Government believes it has an election mandate on the anti-nuclear issue, let this be put to the test — by referendum."

"Referendum Please," of Massey, says that people do not vote for political parties on one issue only. "It could be that this Government presumes too much."

Margaret Tant, of Titi-rangi, says the Labour Government is a minority government, since it won only 43 per cent of the votes. "It is being pushed around by all sorts of minority groups." The truly democratic way to decide the nuclear issue would be by referendum.

L. Dalton, of Rotorua, says Mr Lange is not Prime Minister because of the minority protest groups, but because of "the thousands of Tories who had had enough of the Muldoon puppet show . . . A clear statement by Mr Lange and the protesters on how they are going to make the Russians conform to their theories would be welcome."

'False'

A number of correspondents compare the Government's anti-nuclear policy to its policy on national superannuation.

"Never Again Labour," of Tauranga, says: "The United States Pentagon and the New Zealand pensioner are in much the same boat

— sold up the river by Labour and cast adrift. May they be assured that, with the turn of the tide in 1987, their respective ships will come home again."

"Dazed and Confused," of Te Atatu North, says the Government's policy on nuclear weapons is as false as its promise on superannuation.

Also writing from Te Atatu North, R. A. Simpson says: "For those who have been pondering the origin of that strange clinking sound heard ceaselessly in the air lately, I can tell them that it is the sound of glasses clinking in Moscow as our Prime Minister yet again becomes the toast of that city."

Several letters praise recent *Herald* editorials on the nuclear and Anzus issue, but several are highly critical. Fred Cooper, of Manurewa, found "NZ Rebuffs Americans," of February 6, "very disturbing."

He says: "The ban on nuclear ships has been, in part, known to New Zealanders for years, and the people elected the present Government on this, I believe, one of the main issues

"You know full well that a large majority of Kiwis are against the visit of nuclear ships. Are we to follow the Australian Prime Minister's subservience to American policy?"

Posterity

John Male, of Mahurangi Heads, says the editorial was less than fair to the many thousands of New Zealanders — right, left and centre — who fear for the future of the human race as the nuclear arms race continues to escalate.

"The beneficiaries of New Zealand's anti-nuclear stand are not likely to be, as the last paragraph of your editorial suggests, those who delight in, and profit from, a divided and weakened West. The ultimate beneficiaries will be grandchildren and great-grandchildren the world over."

Derek and Pat Briggs, of Avondale, describe the editorial as "brilliant and lucid."

Steve Kuluz, of Grey Lynn, says that "if being part of a united West implies a sycophantic acquiescence to every whim of the alliance's major partner, then I want no part of it."

"New Zealand is not a vassal state of the United States; to bow to American pressure on this issue would be to reduce us to the 'limited sovereignty' status of the Soviet Union's allies in Eastern Europe."

On the possibility of United States retaliatory measures against New Zealand, opinion among correspondents is as much divided as it is on the wisdom or folly of banning visits by nuclear warships.

Strongest

J. H. Fletcher, of Matheson Bay, says Mr Lange is "living in a dream world if he thinks that the United States will not retaliate against his nuclear policy."

"Within a few weeks we shall see the American longshoremen refusing to unload New Zealand goods arriving in the United States."

"This union is one of the strongest in the United States. If it decides to act, and it will, we can expect our goods back in this country pronto."

However, Paul Bowker, of Rawene, points out:

"Those frightened of United States reprisals should remember that France withdrew from Nato and threw out United States forces without the sky caving in."

B. T. Grigg, of St Heliers, says the effects of the New Zealand anti-nuclear policy will become obvious "when we are forced to close Scott Base and withdraw from activities in Antarctica" because we will be denied American support for our work there — support on which we have relied since Scott Base was established in 1957.

Alix Lowry, of Manurewa, expresses the view of three or four correspondents when he says: "I suggest that we have evidence from the last 20 years that, should New Zealand be 'threatened' by Russia, or any other power, the United States Government will be unable to keep out of it and mind its own business, whether or not we ask for its help and whether or not we have Anzus."

R. E. Tye, of Paeroa, says the threats of retaliation against New Zealand raise the question whether the Anzus alliance is a democratic partnership or a dictatorship by one powerful and arrogant member.

Central to this concern are "the sovereign rights of small nations within alliances dominated by powerful nations, and also the question of United States leadership.

"Can we trust its leadership of today any more than that of President Johnson and President Nixon, when we were pressured and coerced into the Vietnam war?"

NEW ZEALAND

LANGE CLAIMS U. S. CHANGED CHARACTER OF ANZUS

Auckland THE NEW ZEALAND HERALD in English 13 Feb 85 p 1

[Text]

Wellington Staff

The Prime Minister, Mr Lange, yesterday stiffened his resistance to American pressure over the Anzus issue, claiming it was America, not New Zealand, which had changed the character of the alliance.

It had done so, he told Parliament, by projecting itself worldwide as a nuclear power and conveying to its enemies that it was always ready to defend itself with nuclear weapons.

Mr Lange said all three parties to Anzus had viewed it as a conventional alliance when it was signed more than 30 years ago.

However, the present United States Administration saw Anzus as "having a part to play in the projection of American nuclear power."

Mr Lange said the American Secretary of State, Mr George Shultz, had said New Zealand changed the character of Anzus by refusing to accept ships which were, or might be, armed with nuclear weapons.

"Now," said Mr Lange, "I think it is nuclear weapons which have changed the operational character of the alliance."

Mr Lange said he expected the United States to put its case vigorously and it would be idle to pretend there was not a serious disagreement between the two countries.

It was a disagreement, however, not a breach, and the three Anzus partners were all countries which respected each other's traditions of democracy.

The Government's nuclear-ship ban has triggered a wave of foreign newspaper and broadcasting interest.

Senior reporters from major newspapers in Australia and the United States have been dispatched to report on the Anzus crisis.

Among the Americans in Wellington during the past week have been senior reporters from both the *New York Times* and the *Los Angeles Times*. A reporter from the *Philadelphia Inquirer* arrived this week.

A reporter and camera crew from the American television network CBS *Evening News* will arrive in Wellington early next week, covering the same story.

NEW ZEALAND

EXPORTERS 'OFFICIALLY FOREARMED' AGAINST U. S. REPERCUSSIONS

Zuckland THE NEW ZEALAND HERALD in English 14 Feb 85 p 1

[Text]

Exporters with substantial trade in the United States are to be officially forearmed against repercussions from the Anzus row.

The Government is to send a circular to export firms, backgrounding its ban on port visits by American nuclear warships and suggesting arguments which could be used in the face of threatened trade retaliation.

The letter, from the Minister of Overseas Trade, Mr Moore, with the approval of the Prime Minister, Mr Lange, is intended to counter what some senior Government figures consider to be adverse publicity in America over the issue.

Government sources claimed yesterday that so far there had been no evidence of a trade backlash from the ban on nuclear ship visits and the subsequent debate over the future of Anzus.

But the sources said New Zealand's position was being portrayed by some American news services as an abrogation of this country's obligations under Anzus, leading to the termination of the 34-year-old alliance.

The letter is designed to counter economic repercussions which, despite assurances to the contrary by the American Government, could flow from an erroneous view that New Zealand was no longer friendly towards the United States.

Mr Lange has been at pains in recent interviews with American media representatives to stress New Zealand's commitment to Anzus.

The letter to exporters is understood to characterise the debate over nuclear ships as a disagreement among friends. It emphasises that trade relationships should be seen as in the mutual best interests of exporter and client and kept separate from the Anzus debate.

CSO: 4200/734

NEW ZEALAND

EDITORIAL SUPPORTS DOUGLAS' ECONOMIC PROGRAM

Wellington THE EVENING POST in English 11 Feb 85 p 6

[Editorial: "The Douglas Line: Political Courage on Economic Front"]

[Text] IT NEEDED A good deal of political courage on the part of a new government to forcibly move a delicate and closeted economy off its sickbed and on to a vigorously recuperative course of treatment.

Labour possessed the will, and the daring, and the patient seems convinced that its medicine is worth swallowing.

Events have moved swiftly since last July and already there is a decisiveness about the Government's monetary action which is generating confidence and a real measure of optimism both here and abroad.

Time will tell whether a sound financial front will be enough to enable the Lange Administration to withstand attacks to its other flanks. The Government knows it needs more than a one-term taste of absolute power to achieve its goals.

Currently, the Government is in the thick of the Anzus flak and looming is the worry of a rugby tour of South Africa. Waitangi has not gone away and embittered superannuitants have yet to indicate if they are appeased by the latest reconsidered concessions.

To the Government's credit is the competitive edge it has brought to economic issues in a short time. That effective trio of Messrs Douglas, Prebble and Caygill were into their running shoes from the start.

The Douglas line, so far accepted by the party, is to avoid being interventionist which, in turn, seems

to have been accepted by the finance and business community as inviting the fittest to survive. The free market approach, something which might not have been expected from a socialistic party, is nevertheless refreshing. The challenge within the party will be to sustain it.

Labour's economic influence since July is all the more notable because it was not given to the Government to consider at leisure where it might and might not tread.

As a first step towards putting a free market in place, Labour abolished regulations on interest rates. It also devalued by 20 percent. It has since done away with the

wage/price freeze, made decisions to phase out import licensing and agricultural subsidies, as well as making more information available on financial statistics. The latter has been helpful to the business and financial interests in future planning.

Labour's open approach has allowed foreign businesses in New Zealand to borrow in New Zealand and New Zealand companies to borrow offshore. The only requirement is that they notify the Reserve Bank for the essential statistical keeping of money flow records.

Labour has allowed New Zealanders to make investments abroad (again the only requirement being the keeping of statistical records). It has permitted a free flow of foreign exchange into and out of the country.

There is the dropping of reserve asset ratios and the resorting to interest rate mechanisms as the sole monetary and credit control system. The ratios come into use here to make them larger when tight money supply is needed and less when a higher level of cash is considered desirable in the economy.

Now the Reserve Bank is considering new "prudential" surveillance measures to monitor the health of financial institutions. These, essentially, will involve provision of statistical information on deposit and lending flows and financial reserves so that the bank can provide warnings if somebody is getting into trouble. Again, there is the determination not to intervene — not to provide a safety net. Thus the survival of the fittest, which is the essence of competition and its challenge.

Another priority is Labour's attention to the tax system to make the gathering seem less rapacious and more equitable — with work incentive encouraged rather than penalised.

All in all, the Government is working well towards a freer economy. These are early days and the balanced outcome of the initial wage round is one of the signs of success. The test will be to see that this is not short-lived.

CSO: 4200/722

NEW ZEALAND

ARTICLE ANALYZES PROJECTED IMPACT OF ECONOMIC POLICY

Wellington THE EVENING POST in English 11 Feb 85 p 8

[Article by Bruce Kohn]

[Text] The real test of the Government's economic policies will come in about 12 to 18 months and during the year leading up to the 1987 election.

By the end of next year the full impact of the new competitive forces unleashed in the country will have been felt and adjustments will be under way to the taxation structure and pricing mechanisms as a result of the goods and services tax.

Before public judgment day is reached, the system is certain to undergo a number of tests which loom as particularly significant to the ability of the Government to hold course.

Reaction

In a political sense, the most important of these over the next six months will be the reaction of employers to the fact that they are no longer tied to government-directed wage increases.

Existing wage guidelines apply to national and regional awards. They need not apply to particular factories and work units in which profitability has soared because of a variety of factors.

This element of "ability to pay" was a crucial one

in the outcome of last year's economic summit conference, holding out the prospect that while unions would show restraint in national demands, employers would respond by showing generosity in cases of improved profitability.

Benefits were seen to involve flexibility in the bargaining process, encouragement for the workforce to develop mobility (in moving from less efficient industries paying lower wages to those growing and in the process achieving an ability to pay more) and a national sense of shared benefit from restructuring.

Refusing

During the past two weeks, however, even moderate union leaders have begun complaining in private that enterprises they know have a capacity to pay above award rates are steadfastly refusing to do so.

In this regard, bargaining to begin this week be-

tween Christchurch-based Dunlop Olympic and union representatives may prove significant to future union attitudes.

Unless evidence begins to accumulate soon of a willingness on the part of employers to show flexibility, the ability of the Government to jawbone down the spate of excessive demands springing up from unions now involved in award talks is likely to be severely limited.

The issue is important too because of the considerable unrest in hard core Labour Party ranks over the thrust of current policy. The effectiveness of this lobby in support of Labour's nuclear policy should not be underestimated.

Fed by evidence of an unwavering employer stance to stick to award rates of pay in all segments of an industry, it could quickly make life extremely difficult for the makers of government economic policy.

It is evident that the Minister of Finance, Mr Douglas, can make much of

the continuing reduction in unemployment rolls. He made use of this point in a weekend speech — "the most important thing to bear in mind is that devaluation is creating thousands of jobs."

But yet to come is the business casualty rate in the new competitive environment. Smaller fringe financial institutions are going to find it tough — the Reserve Bank is setting up prudential surveillance methods to monitor the situation.

Yet to come too is the impact on domestic business of the more liberal import regime.

Exports

Should the Government find the need for ever larger exports to China justifies importing much greater quantities of Chinese consumer goods, local manufacturers of clothing and woollen goods may quickly feel cold competitive winds, with implications for employment levels.

It is evident the Government is extremely sensi-

tive to possibilities that the manufacturing and finance sectors may lose faith in its ability to stay the course of its current policies.

The suggestion that it should adopt a more active stance in promoting lower interest rates by only accepting tender bids it found to be at desirable levels met with a response that it wanted to give no indication of a willingness to resort to interventionism.

On faith

On present indications the financial sector at least has accepted on faith that Mr Douglas means what he says in sticking to the course of free market competition. More fragility may apply in the manufacturing sector.

But both financiers and manufacturers who like what he is about should not ignore political realities which suggest that unless there is evidence of "profit sharing" through ability to pay featuring more prominently within industry, the next six months may prove extremely difficult.

CSO: 4200/722

NEW ZEALAND

DAILY ANALYZES 'STEEP' FOOD PRICE INCREASE

Christchurch THE PRESS in English 12 Feb 85 p 1

[Article by Glenn Haszard]

[Text]

The steep rise in food prices, in January, as measured by the Statistics Department's monthly food price index, can be traced back mainly to the Government's 20 per cent devaluation and the lifting of the lid on more than two years of price controls.

The increase of 2.4 per cent in food prices in January was the highest for five years. The biggest rises in that month, according to the department, were for butter, ice-cream, coffee, canned spaghetti and beans, soft drinks, restaurant meals and take-away fried fish.

Butter rose 15c for a 500g pack in December because the Dairy Board was losing money on domestic sales and wanted to recoup some of the losses.

A 7.9 per cent increase in the price of ice-cream was related to the butter price increase, according to ice-cream manufacturers.

Coffee prices rose in January, but that was nothing new because they have been rising steadily over the last two years because of world prices, and devaluation meant New Zealand had to pay more for its coffee.

Devaluation also meant that tinplate for canned food cost more to import.

A spokesman for J. Watlie Canneries said in December that canned food had increased by 5.7 per cent in price because of the increased cost of tinplate, higher maintenance costs, the \$8-a-week cost of living wage rise last April, higher freight charges and other higher imported costs.

The assistant director of the Consumers' Institute, Mr David Russell, said from Wellington yesterday that prices would continue to increase as the latest wage round flowed through into prices and higher freight charges were passed on.

From next year the Goods and Services tax would lead to more price increases.

The January figures showed that wages were not the big bogey that they had been made out to be.

"Until recently we've been told about the wage-price spiral triggered by the greedy demands of the unions, but the wage bill has been pegged for 2½ years and look at the rise in food prices," said Mr Russell.

There were certain areas in the food index which gave cause for concern. One was that a 2.4 per cent increase in food costs for a month could not be explained satisfactorily by imported costs because most food was grown in New Zealand and packed by New Zealand labour.

"Vegetables supplies were bountiful, so there could be no shortage causing price rises. Either the wholesaler or the retailer must be creaming it off," he said.

The general manager of Macfarlane and Growers Mr Alan Cahill, said that produce merchants could not be blamed because they charged a fixed commission rate of 10 per cent to growers and the commission rate had not changed.

Mr Mike Hore, general manager of Stones Fruit Market, said that devaluation would have affected the price of imported fruit such as oranges. The overall price of vegetables now

was quite cheap and stone-fruit was cheaper now than last year. Competition was keeping prices down in Christchurch.

Mr Russell said the price increases at restaurants were disproportionate to the increase in food prices generally.

The chairman of the Canterbury Restaurants' Association, Mr P. B. Cosgriff, said that Canterbury restaurateurs were not profiteers.

"I can't see that happening because there's loads of competition. They are price-conscious and value-conscious."

NEW ZEALAND

PAPER VIEWS STRENGTHS OF EXPORT POSITION

Wellington THE EVENING POST in English 13 Feb 85 p 7

[News Analysis by Peter Bale: "NZ in Strong Position to Defend Exports"]

[Text] New Zealand is in a strong position to defend its exports from United States attack.

Claims that the "injury test," under which US producers must prove they have been damaged by subsidised imports, will be dropped in retaliation for New Zealand's banning nuclear ships are dismissed by officials close to the issue and by the Prime Minister Mr Lange.

Under a 1981 Exchange of Letters between New Zealand and the United States the US notified it would drop the injury test on products still receiving subsidies after March 31, 1985.

Deadline

The United States set that deadline — something which upset officials here at the time and which was not necessary under the provisions of the General Agreement on Tariffs and Trade — to give New Zealand an incentive to wind back its raft of subsidies and export aid.

The Gatt code on subsidies specifies only that the subsidies be wound down over a "reasonable period of time" and officials suggest there would be a good legal case for action against the United States if it tried to enforce the March 31 deadline.

Review

The United States is obliged to consult with New Zealand before the deadline and sources suggest that with or without the nuclear ships row New Zealand stands a good chance of keeping the injury test protection for its goods.

"The injury test on New Zealand exports was due for review in any event and, in fact, we had been told by the end of the first quarter this year they would be reviewing it and it would likely be to our disadvantage," the Prime Minister, Mr Lange said.

"We are therefore in no different situation from that which we face — Anzus or not."

When it was pointed out that under Labour's programme of agriculture subsidy reform and the winding back of export aid that New Zealand would — in some cases in a matter of months — comply with Gatt rules on subsidies and automatically be eligible for the injury test, Mr Lange smiled and said:

"You could describe it as the second string in our bow," said Mr Lange.

There are several scenarios to the injury test issue. When the United States consults with New Zealand before the test is lifted officials say it will have to take into account progress in eliminating SMPs, phasing out export incentives and cancelling other subsidies like fertiliser transport aid.

Lever

If this did not convince them there are several United States export subsidy programmes which arguably go against the principles of Gatt and which may prove a handy lever if New Zealand has to fight trade retaliation in world forums.

Lamb is the product most vulnerable to countervailing action against

subsidies. Countervailing action seeks to impose duties equivalent to the value of subsidies.

Petition

Devco, the marketing company for New Zealand lamb in North America, has had two countervailing actions taken against it, the first in 1981 led to the Exchange of Letters and another in 1984 failed because the US complainants could not prove injury.

With the removal of the injury test US producers would just have to petition the US Commerce Department which would then only have to prove the existence of subsidies in order to take countervailing action. Under the injury test provision the case has to go before the US International Trade Commission and US producers actually have to prove that they have suffered material injury because of the subsidies.

Other New Zealand export lines are not so vulnerable. United States woolgrowers are a small and threatened industry, but even they have had little success in the countervailing actions brought against Devco.

Halved

In the 1981 case the Commerce Department found that duties of 6.19 percent of the value of lamb exports could be justified. That figure was made up of analysis of every form of government aid to the whole production chain of New Zealand lamb almost down to the state support for hydatids control.

However, almost all the subsidies discovered in that examination have been eliminated or are now minimal. For example, after September Devco will have its export incentives halved and then halved again the fol-

lowing year SMPs have been cancelled and fertiliser transport subsidies were axed in the 1984 budget.

That means that the Commerce Department would be able to find only a tiny percentage of subsidy on the value of New Zealand lamb exports and impose only a minimal duty.

In fact officials suggest the legal cost of taking such a case against New Zealand lamb would not be justified by the tiny duty that would result. One source suggested that the US woolgrowers spent more than \$US100,000 on an abortive action last year.

Officials said it was unfortunate the necessary changes to agricultural and export subsidies had not been made in the 1982 and 1983 budgets and that it was not until last year that the Labour Party's first budget got things moving.

"With the deadline looking close it showed the importance of doing it quickly," said one source. "It's a great shame it wasn't done in 1982 and 83."

It was now a calculated risk whether the United States would accept that New Zealand had moved fast enough to dismantle its export aid.

"There has been so much movement there's hardly anything left to act against," said one source.

Brazil

Officials also point out that New Zealand is only one of about 20 countries to whom the US has given a deadline to eliminate export subsidies, including places like Brazil with more substantial exports.

Even on casein, which has often been threatened by moves to stop its use as a binder and protein-builder in foodstuffs, New Zealand is in a strong position, according to officials, with substantial processing facilities in the United States making the Dairy Board a prominent domestic business and an employer of Americans.

Sources say the Administration would also face trouble in Gatt and with its European competitors if it tried to impose any quotas or restrictions on the casein and milk powder trade. The US, said one official, would get "beaten up in Gatt" if it restricted the dairy trade.

NEW ZEALAND

HUGE LOSSES REPORTED IN SHEEPMEAT EXPORTS

Auckland THE NEW ZEALAND HERALD in English 13 Feb 85 p 11

[Text]

While New Zealand has sold more lamb in the past two years than in any two-year period, sheepmeat has been exported at a resounding loss.

The chairman of the Meat Producers Board, Mr Adam Begg, yesterday announced that the deficit in the meat income stabilisation account now stood at \$495 million.

He said net returns on mutton and lamb in 1983-84 were substantially lower than the Government's supplementary minimum price levels.

They were also lower than the prices set for farmer income stabilisation purposes by the independent statutory Meat Export Prices Committee.

The shortfall for lamb was \$80.5 million and for mutton \$69.9 million, these deficits being added to the existing debt.

Mr Begg, in a statement with the presentation of his board's 1983-84 annual report, said the stabilisation account deficit was higher than previously indicated because some expected sales did not eventuate.

The deficit was higher, too, because of the decision to convert significant quantities of lamb and mutton

into tallow and meat and bone meal rather than leave them as carryover stocks with further interest and storage charges.

Mr Begg said producers could not expect that prices would suddenly improve or that the meat industry's problems would magically disappear.

"The world market has fundamentally changed and no amount of theorising about free enterprise or any other philosophy will alter the simple fact that we must apply more imagination and professionalism into the production and marketing of our produce," he said.

Market returns continued to be affected by the massive increase in production which had occurred in recent years.

"Any industry that rapidly increases production by 40 per cent without adequate regard for market conditions will run into serious problems," Mr Begg said.

Mr Begg said the \$495 million debt in the meat income stabilisation account would be frozen for five years with no interest or principal being paid.

After that interest would be charged at 1 per cent a year and principal would be repaid over 25 years.

Meantime, a new stabilisation account would be opened at the Reserve Bank and it would earn or bear interest at market rates.

CSO: 4200/722

NEW ZEALAND

COLUMNIST SEES IMPROVED LANGE STATURE IN CONTROVERSY

Wellington THE EVENING POST in English 12 Feb 85 p 6

[News Analysis by Tony Garnier, "Chief Political Reporter," in "Tony Garnier's Weekwatch: "Stand Marks Lange as Leader"]

[Text]

New Zealand's historic anti-nuclear stand underscores how rapidly David Lange has matured into a dominant and self-assured leader.

Eight months ago Labour strategists visibly worried whether Mr Lange, 41, then Opposition leader and spokesman on foreign affairs, had the personality and stamina required of a potential prime minister.

Political opponents had said he wouldn't last and called him a "windbag;" the public would quickly see through him. Political observers commented on how he tended to fret and vacillate in pressure situations.

A strong start to the snap election campaign saw some of Mr Lange's critics silenced.

Labour won with Mr Lange being painted as a leader packaged and modelled on the conciliatory style of Australia's Labour Prime Minister Bob Hawke.

In Opposition, Mr Lange had made strong statements against nuclear weapons. It was assumed

that, as happened in Australia under the moderate Mr Hawke, a similarly moderate Mr Lange would steer the Government to a compromise which would allow American warships port access regardless of policy.

It didn't happen. Instead Mr Lange carefully backed the anti-nuclear weapons policy, though at one point he stated a preference to separate it from a blanket ban against nuclear "power;" it is nuclear weapons — not nuclear power — which threaten to make mankind extinct.

And the upshot last week was that Mr Hawke met President Reagan looking very much to be in the shadow of Mr Lange.

Mr Lange's stand has marked him as a leader in his own right and according to his own style.

There has been no panic or backtracking. The decision looks to have involved detailed consultation with officials and others. It seems to have been fully reasoned and deliberate.

Yet the stand has puzzled many people both here and, reports say, overseas.

There have been claims that Mr Lange was pressured and captured by Labour's so-called left wing in a campaign pushed while he was in the Tokelau Islands for a week.

And some people wonder how an apparently moderate leader and self-proclaimed supporter of the Anzus alliance could end up barring a warship of one of its members.

There is no clear cut answer yet available to why New Zealand's stand has emerged as strongly as it has, but my own view is that it has a great deal to do with the personality and self-confidence of the Prime Minister himself. This will be interpreted as "strong" or "weak" leadership, depending on one's views of the decision.

However, there are other elements at work.

Labour's anti-nuclear policy has been in place for more than a decade. It operated under the former Labour leader Sir Wallace Rowling and was a plank in the moral-based foreign policy of the late Norman Kirk.

In one sense, Mr Lange is doing no more than following in the Kirk footsteps when, in the early 1970s, New Zealand took France to the World Court

to force atmospheric nuclear testing at Mururoa underground. At that time Mr Kirk said there was a time when — despite the pain and difficulty — all nations had to stand up and be counted.

In another sense, events simply forced Mr Lange's hand:

- As evidenced by the right-wing parties which now support not just the anti-nuclear stand but a withdrawal from Anzus, the public is now (compared with the early 1970s) even more conscious of the nuclear threat; a majority want no bar of it, in any shape or form.

- If the Government had backed down on its policy, then as one MP put it, the Labour Party would have faced a mass resignation of party workers.

- The apparent intimidation from outside hardened the resolve of the cabinet that the time was right to stand firm.

- Mr Lange is personally committed to the anti-nuclear weapons policy in particular, and believes any difficulties in the context of Anzus and trade can be worked through.

Self-assured

Mr Lange, a trained, experienced and — most

important of all — self-assured lawyer, went over the evidence, and the case for allowing port access for the nominated ship wasn't good enough. It was as simple as that.

There is every sign that Mr Lange listened long and hard to advisers, party people and others.

He said publicly that people would have to trust his judgment on this issue; in private he asked the Americans to nominate another ship — a modern Oliver Hazard Perry class of warship, which independent experts say is neither nuclear armed or powered.

Despite all the advice and pressure, Mr Lange was in effect acknowledging that it was his neck which would go on the chopping block.

Given that the Americans couldn't/wouldn't nominate another ship, Mr Lange seems to have reasoned that he would have a tough task convincing protest groups, church leaders, his caucus and other political parties to accept the nominated ship.

Though the USS Buchanan was nuclear capable, it "presumably" was conventionally armed.

On an issue like this, a "presumption" was not good enough. Or, putting it another way, because the case for the nominated ship wasn't good enough to support, it made the case to argue for New Zealand's anti-nuclear stand that much stronger.

Since the decision not to allow the visit, Mr Lange has responded to the worldwide reaction in moderate terms.

He has stressed New Zealand wants to remain a friend of the United States and that New Zealand supports Anzus (which is a non-nuclear alliance). He hasn't climbed into Mr Hawke for the way Australia has changed positions; nor has he gone out of his way to dispell the puzzlement about the New Zealand stand, or correct the many misinterpretations of the Government's actual decision — eg that New Zealand has barred US warships, which, of course, is not the case.

In short, Mr Lange hasn't (yet) argued the case on how banning nuclear weapons from New Zealand might advance the country's safety and security.

Nor has he outlined how the Government weighed up the potential harm in terms of defence links and trade, against the positive reasons for the stand.

If and when he does, there is little doubting it will provide interesting copy world wide.

For the stand can be seen as limiting the spread of nuclear weapons, which is what the Americans have stated to be a goal of disarmament talks with the Soviet Union.

New Zealand can argue that it is actually achieving for its corner of the world exactly what President Reagan said in his inauguration speech was a

key aim, that is, to "totally eradicate" nuclear weapons.

Also Mr Lange could argue that the decision reduces the reasons why New Zealand could become a target in a nuclear holocaust.

And it is a start in developing a nuclear-free South Pacific, in effect a northward extension of Antarctica's nuclear-free area as agreed by the Antarctic Treaty.

There are also some arguments indicating why trade sanctions are unlikely.

The United States has ruled out this tactic; there is recourse to the General Agreement on Tariffs and Trade (Gatt); and the US Administration is at the moment pushing a strong anti-protectionist line.

In the wake of a strong and open defence of New Zealand's anti-nuclear policy, it would be difficult for any of the Superpowers to bully this country into a change of course. World opinion would back the smaller nation.

There could even be trade gains — Van Camp chocolate is now said to be a best seller in Queensland.

"Made in 'nuke-free' New Zealand" could well become a new global marketing catch cry for Mike Moore's next trade mission abroad!

Tony Garnier is the "Post's" chief political reporter.

NEW ZEALAND

SOCIALIST UNITY ORGAN ON UNION, SUPPORT FOR NUCLEAR POLICY

Auckland NEW ZEALAND TRIBUNE in English 4 Feb 85 p 1

[Article: "20,000 Aucklanders Oppose Foreign Pressure"]

[Text] MORE than 20,000 Aucklanders marched in support of the Labour Government's nuclear-free-ports policy on Wednesday. The strength of the anti-nuclear movement in New Zealand can be gauged by the fact that these crowds were drawn out with only 48 hours notice.

It can also be gauged by the fact that the National Government, which strongly opposed the nuclear-free-ports movement was removed from office at the last election.

New Zealanders are letting the world know that it is not just Government policy, it is our policy and we will defend it against all outside pressures.

Since this Government was elected there has been a barrage of interference from foreign powers—particularly from the Reagan Administration and its friends. One of its latest messengers has been Prime Minister Bob Hawke of Australia. The rather more ludicrous attempts to support the US by Sir Joh

Bjelke Petersen, Premier of Queensland, are probably not welcomed even by the Reagan camp.

The US Government should make no mistake about the seriousness of this anti-nuclear movement, a strong section of which wants to be out of ANZUS. This is because the peace movement has laid bare the real nature of ANZUS.

The ANZUS treaty gives no guarantee that America would come to our defence in time of war. In fact, the only purpose of ANZUS would seem to be to allow the Americans to use our ports, airports and intelligence facilities and to guarantee a market for their over-priced second-hand military

equipment.

Some sections of the peace movement have gone even more deeply into the problem and are seriously questioning the existence of an enemy.

All of this means that playing games with the concept of nuclear-free ports will not be tolerated by the bulk of the peace movement. Any American warship—even a non-nuclear-capable one—is part of Reagan's nuclear war-machine. Many people are clear that it is that machine which is not welcome in our ports.

The FOL has actively demonstrated support for the Labour Government's policy by supporting workers' protest actions

against the visits of nuclear-powered or -armed vessels, by unanimous policy decisions on a nuclear-free South Pacific zone over many years, and by advocating these policies internationally and particularly within the Pacific Trade Union Forum.

In a recent press statement FOL President Jim Knox voiced serious concern at the international pressure being put on New Zealand's nuclear-free policy.

However, he said that the FOL has already been assured of strong support from the international trade union movement against such interference—in particular from the Australian Council of Trade Unions and other Pacific trade unions.

Workers can support the FOL's policy by taking action on the job. One way to strengthen the Government's policy is to create 'nuclear-free-job' committees on the job.

Opposition leader Jim McLay's rather thin complaints that the peace movement in New Zealand will have no effect on world peace would hold more water if the United

States was not so upset by our firm rejection of its warships. Mr McLay is clearly no student of history if he is not aware that it is the powerful movements of people that change the course of events—not the wishes of a few individual people at the top of the stack. ■

CSO: 4200/722

NEW ZEALAND

SUP EDITORIAL HITS GOVERNMENT ECONOMIC DIRECTION

Auckland NEW ZEALAND TRIBUNE in English 4 Feb 85 p 2

[Editorial: "Change Direction Now!"]

[Text] **THERE is concern within the labour movement at the Government's economic direction.**

Before the snap election, broad agreement was reached between the FOL, the CSU and the Labour Party on the general economic policies. These were an alternative to Muldoonism.

Eight and a half years of National government had seen a shift of income from the workers to the employers. New Zealand, buffeted by the crisis which had embroiled the rest of the capitalist world, experienced a period of stagnation and decline. In effect, this meant a shrinking economic cake; but there was no let up in the employers' drive for profits. Government policies, therefore, working in the employers' interests, re-divided the smaller cake so that employers got a larger share, and workers a smaller one.

The new Labour Government 'opened the books' and showed that the cupboard was bare. Then the FOL and CSU publicly opened the 'private books' to show that the contents had gone to the big companies in the form of increased profits. Workers' living standards, on the other hand, had been cut. These two results were the deliberate aims of Government policies such as the wage freeze.

These inequalities were condemned by the Labour Party. In its *'Economic Policy 1984'* it states:

"Labour will raise the living standards of New Zealanders. Employment and the creation of new jobs is the top priority. Urgent action must be taken to improve the position of low- and middle-income households. Labour's overriding concern is for those who cannot afford to make further sacrifices."

After six months in power, has Labour met these objectives? The answer at this stage is, No.

The combined effects of devaluation, removing controls on interest rates, prices, and rents, increasing the price of state services, taxation changes, but not allowing the trade union move to freely negotiate wage rates, are speeding up the process of moving this country towards a 'low wage economy'.

In addition, Labour's 'free market' policies make the economy, and therefore the community, dependent on the decisions of private capital. The Government is 'hoping' that private capital will act responsibly. In this the Government is ignoring reality.

Capital acts in its own interests.

We need economic growth, an expansion in production to ensure increased employment. But increased profits don't necessarily lead to this. If we look at recent experiences, we see that much of the massive profit went into increased dividends, amalgamations or takeovers, or labour-shedding technology, with few benefits to the public at large. Economic growth cannot be left to the dictates of capital!

At a recent trade union seminar, strong dissatisfaction was expressed at Labour's economic performances. No one, however, wanted a return to National but to turn towards the pre-election policy agreed to with the FOL and the CSU. This was summed up in the slogan 'Stop the rot—rebuild an economy capable of meeting people's needs! This will require investment planning and involvement of workers' in decision-making.

Labour has performed well in foreign policy, particularly withstanding the pressure against its nuclear-free position, but its performance in the economic field does not match its objectives, nor does it meet the needs of working people.

The number of workers in disputes in the current wage round indicates growing worker discontent. They are serious warning to the Government and should be heeded as such.

CSO: 4200/722

NEW ZEALAND

WELLINGTON CARDINAL SUPPORTS NUCLEAR BAN

Wellington THE EVENING POST in English 13 Feb 85 p 3

[Text]

The Government's stand against nuclear-armed ships is sound and moral, Cardinal Thomas Williams, Archbishop of Wellington, said today.

"It is quite clearly a moral question and not a situation where political capital or economic advantage can be gained," said the cardinal, who is chairman of the New Zealand Catholic Bishops' Conference.

"The matter should be tackled not on the basis of whether we sell more chocolates in Queensland or dairy produce in the United States, but on the basis of whether it is morally good or morally evil to be prepared to use nuclear arms."

Cardinal Williams said that in his view the Government had taken a stand on the basis of morality. "I applaud that through and through."

Asked if he thought it was a correct stand, the cardinal replied: "I believe it is."

He said his views were a logical consequence of the principles set down by New Zealand's Catholic bishops in 1982.

In a statement then the bishops said they objected to the arms race and the use of nuclear weapons. Nuclear weapons were creating an appalling inventory of horror that could turn the globe into a giant crematorium they warned.

The bishops said they could not remain silent while political powers put their faith in armaments by way of ensuring peace. To gamble with the future of the world in this way was madness.

"Peace can never be simply the absence of war. Peace can be attained only with positive and courageous efforts," they said.

CSO: 4200/722

NEW ZEALAND

LANGE ON ANTINUCLEAR STAND TRADE GAIN, OTHER ISSUES

Christchurch THE PRESS in English 15 Feb 85 p 1

[Article by Patricia Herbert]

[Text] New Zealand products are enjoying favour overseas among those who identify with the Government's anti-nuclear stance, says the Prime Minister, Mr Lange.

This was the experience of New Zealand's overseas trading posts, including those in the United States yesterday.

Mr Lange was commenting on a suggestion that, even if the warship wrangle with the United States did not lead to formal trade sanctions, it might have informal repercussions on the buying habits of American consumers.

He said this might happen but not if New Zealand's position was conveyed correctly as anti-nuclear rather than anti-American.

Mr Lange had earlier rejected suggestions that access to United States markets might be under threat.

While acknowledging that the White House might not be as thoroughly disposed to New Zealand as it had been in the past, he said it was most unlikely that protectionist legislation would be approved because it was "so inconsistent with the overwhelming philosophy of the United States political system."

Mr Lange was answering questions arising out of a recent statement by the president of Federated Farmers, Mr Peter Elworthy, that farmers were "most apprehensive about possible trade repercussions" from the warship ban.

Mr Lange said the only risk under the injury test, due for renegotiation at the end of March, was to Government-subsidised products and that even then local producers had to prove that the subsidy was damaging their markets.

Previous attempts to do this had always failed, and supplementary minimum prices on sheepmeat were now being phased out from the barely discernible to the non-existent.

Butter and horticultural products were already unsubsidised, Mr Lange said.

CSO: 4200/734

NEW ZEALAND

CHRISTCHURCH EDITORIAL CRITICIZES DEFENSE MINISTER

ANZUS Issue, Performance Cited

Christchurch THE PRESS in English 14 Feb 85 p 12

[Editorial: "No Defence Minister"]

[Text] When the Labour Party offered itself to electors last year it claimed to be capable of governing. On most fronts the electorate would agree that the Government is governing, enacting its policies, and generally performing its duties energetically, even if many people dislike the policies and question or doubt their effects. The notable exception in this is the Minister of Defence, Mr O'Flynn.

Mr O'Flynn's deficiency does not lie in the foreign policy side of the debate about the future of the A.N.Z.U.S. alliance. It may be assumed that he supports the policy of the Prime Minister, Mr Lange, and others in the Cabinet. The lapse is Mr O'Flynn's almost unbroken silence on matters of profound importance to his own Ministry. He is offering no alternative to the defence policy that the Government is dismantling.

In recent statements, Mr O'Flynn has brushed aside questions about New Zealand's defence efficiency and capabilities as the A.N.Z.U.S. treaty crumbles. The nearest that he has come to a definition of policy has been in response to an inquiry from an individual member of the public. Even then, the community that pays his department's bill of \$750 million a year has had to depend on a leak, through a member of the Opposition, to find out the Minister's intentions.

As Minister, Mr O'Flynn's job is to give a lead to his Ministry, and to the Armed Services, in working out the detail of defence matters. Without that lead, their loyalty and constitutional tradition restrain them from acting independently. Yet, if New Zealand is to go it alone, in whole or in part, a clear defence policy has surely never been more important.

Instead of a policy, Mr O'Flynn's recent letter strongly suggests that he has not properly

informed himself about the work of the Ministry for which he accepted responsibility more than six months ago. He told his correspondent that he had asked for a new name to be found for the Army's "Rapid Deployment Force." The services pre-empted his wish. The force has been called the Ready Reaction Force since 1978.

Mr O'Flynn appears to have given little thought, in more than half a year, to the briefings of his expert advisers that, without A.N.Z.U.S., the Armed Services will not be able to maintain standards of efficiency in the tasks already set them.

Mr O'Flynn can hardly argue that he must wait until the foreign affairs debate settles down. Nothing has been said or done that was not predictable. Mr Lange has taken it all in his stride as if the events and statements were scripted from the beginning. The beginning can be variously set at last July or years before when the policy germinated. The defence side of the policy must surely have been considered.

No change of portfolio can be seriously contemplated; this would be politically unacceptable at present, however desirable it may be. Yet Mr O'Flynn cannot remain silent in office — a Minister of No Defence. His is one of the least political of departments. He has been loyally served since he took office and in return has offered only silence or confusion. At best, his policy appears to consist of attempts to change names. His task is to accommodate the new circumstances that arise from American and Australian views on New Zealand's participation in A.N.Z.U.S. Even among people who disagree with the Government's policy of being connected with a nuclear-armed ally but denying access to

nuclear-armed ships, the Minister of Defence would renew some confidence if he stated his defence policy.

The Government has an obligation — many would say an overriding obligation — to ensure the country's safety and security. It may choose to do this without alliances; it cannot choose to do it by ignoring defence questions. At the very least, Mr O'Flynn has 13,000 people on his Ministry's payroll. They, like the rest of New Zealand, are entitled to know what the future holds for them. If Mr O'Flynn is unable to tell them, he forfeits any claim to be their leader.

O'Flynn Replies

Christchurch THE PRESS in English 16 Feb 85 p 18

[Text]

The Minister of Defence, Mr O'Flynn, has responded to an editorial printed in "The Press" on Thursday. The editorial, which sought to assess Mr O'Flynn's performance in the light of the present debate on defence matters, including the A.N.Z.U.S. alliance, was described by Mr O'Flynn as an attack on him and drew the following comments.—

"In assessing the worth of this attack, readers must bear in mind that 'The Press' has for several weeks been waging a campaign asserting that the Government's decision to ban potentially nuclear armed ships from New Zealand would spell the end of A.N.Z.U.S. altogether. This article continues that campaign. It complained about what I am doing or not doing 'as the A.N.Z.U.S. treaty crumbles.' It also refers to 'the defence policy that the Government is dismantling.' Let me make some points clear:

● "The Government does not accept that the A.N.Z.U.S. treaty is

crumbling. The President of the United States himself recently said that it was 'alive and well.'

● "There is no reason why the treaty should come to an end. New Zealand has never had or wished to have any nuclear weapons. The exercises we participate in do not involve the use or simulated use of nuclear weapons.

● "New Zealand is as much prepared today as last year, or any time in the past, to play its full part in such exercises. Sea Eagle was no doubt cancelled because the U.S.S. Buchanan, which was refused entry to New Zealand ports, was one of the ships taking part.

● "I am well aware that exercises with larger forces are essential 'to maintain standards of efficiency' in our small but highly professional forces. That is why the Government has never proposed to withdraw from A.N.Z.U.S. That is why the Government will take every appropriate opportunity of engaging in exercises with all our allies.

● "Co-operation with Australia is obviously necessary to any policy for the defence of New Zealand. Therefore, I noted with great pleasure the announcement by the new Australian Minister of Defence, Mr Kim Beasley, that he would like to have talks as soon as possible about bilateral exercises with New Zealand. I have already replied by cable.

● "I have said several times that the Government will reconsider the conclusions of the 1983 Defence Review as soon as more pressing economic and other issues permit. Ministry officials have been giving consideration to these matters at my direction for two months or more, as I have been doing myself.

"The Government is determined to play its part in the defence of our region. We are ready to co-operate with our allies, not just in A.N.Z.U.S. but in our other defence arrangements."

CSO: 4200/734

NEW ZEALAND

MARXIST PAPER LAUDS LANGE NOBEL NOMINATION

Auckland NEW ZEALAND TRIBUNE in English 4 Feb 85 p 1

[Text] EAT your heart out, Rob Muldoon! The man you wrote off as an international nonentity has, in only a few months, acquired an international status far beyond your now forgotten flirtation with the World Bank.

A Nobel Prize nomination is not just a recognition of one person by another. It is a recognition of the efforts of one person on behalf of his or her fellow man by people who represent powerful people's movements.

This point is made clear by the Chairman of the Swedish Peace and Arbitration Society, Tomas Magnusson, who said on nominating David Lange, that although the Prime Minister's actions in seeking a ban on nuclear-armed ships visiting New Zealand was not well known among ordinary Swedes, it was widely recognised by peace movements in Europe. These movements represent millions of people.

Mr Lange's nomination is a triumph for all peace forces in New Zealand. *Tribune* congratulates all those who contributed to steering the Labour Government onto the nuclear-free path and for holding it firmly to it.

The nomination of the President of Belau by the same Swedish Peace Society is another acknowledgement of the courage of a Pacific people that has stood up to the bullying of a foreign power.

These nominations, like Bishop Tutu's, are very much honours bestowed upon the nominee's people. ■

CSO: 4200/722

NEW ZEALAND

BRIEFS

GOVERNOR GENERAL TO BE OUTSPOKEN--The future governor general, Archbishop Paul Reeves, said he will not be muzzled on important issues when he takes up his post later this year. In the past, Archbishop Reeves has been outspoken on issues such as the 1981 Springbok [South African--FBIS] rugby tour, and he said some people have advised him to stay quiet once he becomes governor general. But he said there is plenty of historical precedent for speaking out on important issues. He cited speeches made by the present governor general, Sir David Beattie, and Lord Chobham, who was governor general in the 1960's. Archbishop Reeves said both men have said significant things about issues of the day while in office. However, he said that it would not be appropriate to comment on some subjects of political and national controversy. [Text] [Wellington Overseas Service in English 0000 GMT 4 Apr 85]

EUROPEAN PARLIAMENT SUPPORT--NZPA-AFP--Strasbourg. The 32 members of the Labour group at the European Parliament have sent a telegram to the Prime Minister, Mr Lange, congratulating him for the ban on port visits by nuclear-capable United States warships. The telegram said: "We believe this is a valuable contribution towards making the world safer from the prospects of nuclear war." [Text] [Auckland THE NEW ZEALAND HERALD in English 14 Feb 85 p 1]

CSO: 4200/734

PHILIPPINES

POLL FINDS OPPOSITION, REGIME STALWARTS SHARE UNPOPULARITY

Quezon City WE FORUM in English 21 Feb 85 p 7

[Article by Larry F. Pusing]

[Text] President Ferdinand E. Marcos, who topped the list of the ten most admired men which appeared in this column last week, also heads the list of the ten least liked men together with Armed Forces Chief of Staff Gen Fabian Ver in a random survey conducted by People's Forum. The surprising result indicate that Pres. Marcos may be admired for a different reason and disliked for another.

The list of 10 least liked men include leaders in both government and the opposition. The survey results:

1. President Marcos 2. Gen. Fabian C. Ver 3. Salvador "Doy" Laurel 4. Tendoro Valencia 5. Salvador Laurel, all words and nothing but... 6. Butz Aquino, his actions are suspicious 7. Ronnie Nathanielsz, better at cover-ups than cover-ages. 8. Eddie Ilarde, for turncoatism. 9. Teodoro Valencia, biased in favor of the administration 10. Arturo Tolentino, outright pretentious.

Percival Roxas, freelance writer. 1. President Marcos, he makes me feel powerless 2. Cesar Virato, too weak for a prime minister 3. Ninoy Aquino for his stupid decision to come home. 4. Ramon Revilla, actions stars like him make life appear too cheap 5. Butz Aquino, he's overdoing everything 6. Fabian Ver, for his involvement in the Aquino assassination 7. Luther Custodio, same as Ver. 8. Prospero Olivas, same as Ver. 9. Rudy Fernandez, he reminds me of my plain looks. 10. Quijano de Manila, because I can't like him.

Edna Tilos, psychologist. 1. President Marcos, he has become too callous 2. Fabian Ver, over self-confident 3. Doy Laurel, too eloquent to be believed 4. Teodoro Valencia, arrogant, 5. Butz Aquino, he has the makings of a "palos". 6. Ruther Batuigas, for insulting Lino and Behn. 7. Emmanuel Boriaza, for his trash films. 8. Narciso Cabrera, he makes life miserable for protestors. 9. Leonardo Perez, he likes to have lots of cake and eat them all. 10. Rodolfo Jimenez, for accepting a villain's role.

Eduardo Regalado, salesman. 1. Leonardo Perez 2. Gregorio Cendana 3. Butz Aquino 4. Lino Brocka 5. Fabian Ver 6. Antonio Diaz 7. Vic Magsaysay

8. President Marcos 9. Oskar Salazar 10. Rey "PJ" Abellana. (All for obvious reasons, he says.)

Joel Pineda, waiter. 1. Fabian Ver, for negligence of duty. 2. President Marcos, for his stubbornness 3. Luther Custodio, same reason as Ver. 4. Elwood Perez, for his insulting films. 5. Teodoro Valencia, for misinterpreting facts. 6. Eddie Ilarde, for his confusing political stand. 7. Roberto Benedicto, for the sugar industry fiasco. 8. Doy Laurel, a Marcos in the making. 9. Vicente Santiago, he's a poor mathematician when it comes to counting ballots. Narciso Cabrera, for harassing demonstrators.

Gregorio Kilas, insurance agent. 1. President Marcos, for refusing to step down. 2. Cardinal Sin, he's the opposite of my ideal cardinal. 3. Prospero Olivas, 4. Fabian Ver, for being a Marcos fanatic. 5. Teodoro Valencia, for his political color. 6. Mel Mathay, for his propensity in making short term solutions. 7. Joseph Estrada, he has no word of honor. 8. Ramon Bagatsing, for his ineffectivity as mayor. 9. Jolly Benitez, for anomalies in his ministry. 10. Emilio Aguinaldo, for his treachery.

Wilma de Dios, telephone operator. 1. Fabian Ver, for the Aquino assassinations. 2. President Marcos, for perpetuating himself in power. 3. Rodolfo Jimenez, for waging a losing court battle. 4. Nemesio Yabat (no reason). 5. Jose Fernandez, for the BF bankruptcy. 6. Doy Laurel, for his inordinate presidential ambition. 7. Johnny Litton, for being a stern defender of lewd films. 8. Joey Gosiengfiao, for his movies. 9. Rogelio dela Rosa, for campaigning on the wrong occasion. 10. Jesus Hipolito, for the poor state of our highways.

CSO: 4200/730

PHILIPPINES

NEGRITO NPA OFFICER DENIES SURRENDER

Quezon City ANG PAHAYAGANG MALAYA in English 25 Feb 85 p 3

[Article by Elmer G. Cato]

[Text]

SAN FERNANDO,
Pampanga — A Negrito rebel, tagged as a high-ranking New People's Army (NPA) official in the province, has dismissed as "pure speculations" reports that he allegedly gave himself up to military authorities.

Pablo Santos alias Kumander Biding, alleged finance officer of the NPA for North-western Pampanga told Malaya in an interview that he was captured and did not surrender as earlier reported.

Persistent reports indicate that Santos, 35, surrendered to military authorities for health reasons as he was reportedly afflicted with a severe kidney ailment.

"Hindi ko inisip ka-lanman ang pagsuko," he told Malaya.

Santos, who reportedly carries a P70,000 price purse on his head, is tagged by the military as responsible for a series of murders in the province.

He was captured by military troopers in Barangay San Ramon, Floridablanca, Pampanga last Jan. 30 after his

companion drew the suspicions of a five-man military patrol when he fled while being questioned.

Found in his possession were subversive documents and an unspecified amount of cash.

He also told church people who came to check on his condition at the Basa Air Base in Floridablanca of his desire to return to the folds of the law and lead a normal life.

Santos, it was learned, joined the underground movement in 1973 after becoming disgruntled with the way the government treated cultural minorities like him.

He was reportedly discriminated upon when he applied for enlistment with the Air Force who rejected his application despite his passing the entrance examinations.

His people who populate the Kamachile area in Floridablanca town have been facing constant government ejections, it was reported.

He did not explain the reasons why he apparently decided to bolt the NPA.

PHILIPPINES

FORMER MNLF LEADER ON OFFICIAL AID, NPA 'MENACE'

Manila BULLETIN TODAY in English 26 Feb 85 p 9

[Article by Roy C. Sinfuego]

[Text] Iligan City--Former top Moro National Liberation Front (MNLF) commander Jamil Lucman, alias Commander "Jungle Fox," said that all his commanders and men who rejoined the government with him are now living peacefully.

They are the government's co-partners in the implementation of the peace-and-order drive and the development programs in Central Mindanao region.

Lucman, who was the former chairman of the MNLF military central committee, had been the over-all commander of the Lanao Revolutionary Command up to the time he rejoined the government in Sept. 3, 1981.

Lucman, who is now a member of the Region 12 Lupong Tagapagpaganap ng Pook (LTP), said that 28 foreign-trained commanders under his command are now actively engaged in various livelihood projects.

Some 1,000 former rebels under his command, Lucman said, are now farmers, small-time traders, and employees.

Some 250 former rebels, granted scholarships by the government, are now taking up various technical courses to upgrade their skills.

Many former rebels, who fought the government for several years, are now about to finish four-year courses offered under the same scholarship program.

The business his group organized after their return to the fold of the law is also providing them additional income and extending financial assistance to some 25,000 beneficiaries of the former rebels, Lucman said.

"I am confident that they are satisfied by the way our government under President Marcos is giving them assistance, Lucman said.

Asked if the New People's Army (NPA) is posing threat to the peace and order situation in Lan del Sur, he said: "With or without support from anybody,

the Muslims will fight these communist elements and I am sure we can protect our area from the menace of the NPA."

Lucman said that the national leadership under President Marcos and the First Lady Imelda Romualdez Marcos has accomplished much for the welfare of the Muslims.

CSO: 4200/735

PHILIPPINES

ISABELA OFFICIALS WARNED AGAINST NPA LINKS

Manila BULLETIN TODAY in English 26 Feb 85 p 5

[Text] San Mariano, Isabela--Gov. Faustino Dy has warned barangay officials and residents of this mountain town against "playing ball" with dissidents "because that would only court self-destruction."

In a meeting with town and barangay captains at the town hall here, Governor Dy reminded the officials that at the height of the anti-rebel drive few years ago, barrio captains and councilmen were slain by New People's Army men whom they had befriended.

The governor also stressed the fact that the reason President Marcos restored to municipal executives partial supervision and control over police forces was the growing callousness of the rebels.

He issued the warning in the wake of reports that dissident elements had been visiting most of the barangays in this municipality.

This town is about the only Isabela municipality that is being frequented by NPA units because of its remoteness from highways and roads.

In addition, it has the most forested areas where most loggers in the province get their logs. Also, most of the sawmills in Isabela are concentrated in this town, making it a good source of NPA funds.

Since November last year, Col. Alfonso Mora, PC provincial commander of Isabela, said that there had been sightings of NPA bands in the forest regions of this town.

Most military-rebel encounters in this province have occurred in this town because its distance from military camps, plus the fact that it is covered by thick jungle, make it very easy for the dissidents to escape from government troopers.

CSO: 4200/735

PHILIPPINES

PAPER ON BACKGROUND, GOAL OF MUSLIM-CHRISTIAN MOVEMENT

Quezon City ANG PAHAYAGANG MALAYA Sunday Supplement in English 3 Feb 85 p 10

[Article by Joel C. Paredes: "A Muslim-Christian Alliance at Last?"]

[Text] Allah will not change the condition of a people, not unless the people themselves change that which is in their own hearts."

Dr. Ahmad Bin Ahmad (Jun) Alonto was quoting a doctrine of the Qur'an last Nov. 30, when Muslim and Christian leaders finally gathered together to thresh out differences during the first national congress of the Muslim-Christian Movement for Peace, Justice and Freedom in Iligan City.

Dr. Alonto, the movement's chairman says that the three-day congress was "to rediscover our common goal and objectives so that we as a one nation under God; may be able to attain our cherished dreams of living peacefully, harmoniously and happily." In recent months, Muslim villages were burned and bombed, killing more than a hundred people and displacing thousands of residents in Northern and Southern Lanao. There were reported continuous bombings for 76 days.

On Aug. 10, at least 10 civilians were massacred while waiting for their Friday congregational prayer at the mosque in Barangay Pantar, Alamada town in Maguindanao. In the remote town of Baloi, a young Muslim engineer and his companion were found dead and dumped along the Agus river. And in Iligan, Maranaos were summarily executed, their bodies dumped in secluded areas.

Opposition leaders Cesar Climaco, the legendary mayor of Zamboanga city, and journalist and human rights advocate Alex Orcullo were not spared in this rash of violence when they were felled by the assassins' bullets and their deaths blamed on the Muslims.

"We cannot wait and just watch while that flame crawls over our heads to consume us. We cannot allow this man-made trouble to go on," said Dr. Alonto, who admitted that they hurriedly convened the congress to stop the rash of violence in war-torn Mindanao.

Yet it was also timely for civic and religious organizations and individuals who knew they had to prepare the groundwork for a unified front to act as

"change agent" which can transform the existing sorry state of affairs to one that would be ideal for both sides.

The Muslim-Christian Movement was envisioned after a series of consultation in 1983 from sectoral groups and traditional religious leaders. The efforts were not isolated from moves of concerned foreign groups seeking to unify Muslims and Christians abroad along with those of other religions, for the sake of world peace.

Both communities came to a realization that they have many things in common. As Dr. Alonto puts it: "Mutual beliefs in one sovereign and all merciful God; that justice will ultimately prevail over injustice at all times; that the antidote to falsehood and deception is the whole truth; and that tyranny in all its forms has no effect upon any one community or individual that is determined to achieve freedom."

The continuing consultations resulted in provincial and regional groupings of Muslims and Christians who have closely coordinated with groups struggling for peace and justice. These also facilitated the success of national and international fact-finding missions which confirmed human rights violations in Lanao del Sur, Lanao del Norte, and Agusan provinces last year.

The "alarming rate of violence," prompted the movement's organizers to constitute the preparatory committee for the national congress last Oct. 7. Among those tapped for active work were lawyer Dimapuno Ramos Datu, president of the Philippine Muslim Workers; Bishop Bienvenido Tudtud, prelate of Marawi, Najeeb Fernandez, Fr. Lassie-Corvera; Fr. Dong Galnemoga; Abdul Malik Condo; Rev. Felipe Mosot; Saidali Gandamoran; Rev. Cora Abugan; Lawyer Concordio Baguio; Iligan Mayor Pacificador Lluch and Member of Parliament Canud Muarip of Basilan.

These leaders were to actively participate in the congress which finally convened with no less than Dr. Inamullah Khan, secretary general of the Motamar Al-Alam Al-Islami World Muslim Congress and former Sen. Ahmad Alonto Sr., president of the Philippine branch of the Al-Alam Al-Islami, as guests of honor.

"We must, both as human beings and as cousins-in-faith, always settle all our differences and disputes and all our matters and issues through discussions and dialogs rather than through confrontation," asserted Dr. Khan, in his keynote address.

The Muslim leader also pointed out that the defense of human rights of all citizens is "a great common concern which is the common responsibility of all citizens, be they Christians or Muslims."

The question of human rights, Dr. Khan continued, "takes us to all basic and fundamental rights of man, guaranteed and assured by all religions, and which are so able recounted in the universal declaration of human rights of the United Nations which, Inter alia, include the freedom of worship and of full exercise of one's religious and socio-cultural rights, of freedom of

expression, of freedom of association, or of movement and so forth. These are the common heritage of all good societies and these must be only honoured."

After their workshops, the participating religious leaders declared that the Muslim-Christian conflict is "an invented hoax to deepen the age-old prejudices between the two communities as a means of enforcing the 'divide and rule' policy."

In the manifesto, the congress blamed the "US-backed Marcos Regime for "deliberately intensifying the conflict." "Increased militarization of Muslim lands and other areas hotly contested by agribusiness of multinational corporations have resulted in death and untold sufferings and turned hundreds of thousands into homeless refugees. Military aggression, like the bombings in Lanao del Sur, Agusan and Davao provinces, including the military atrocities in Cotabato and Zamboanga provinces and Sulu areas plunge the already impoverished populace deeper into misery," the congress declared.

In their pledge of unity, the congress delegates all renewed their commitment "to uphold the struggle for justice, peace and freedom of the Muslims and Christians as well as all other sectors of society."

CSO: 4200/735

PHILIPPINES

STRIKERS PICKET CARDINAL SIN-CONTROLLED BANK

Quezon City WE FORUM in English 22 Feb 85 p 7

[Text]

The striking employees at Monte de Piedad and Savings Bank are devout Catholics, this they swear until judgement day. However, they see basic Christian teachings and ideals sorely missing from the hearts and minds of the bank's management.

The dispute has reached unbearable proportions that the employees are now training their guns at Jaime Cardinal Sin, the Church's most colorful spokesman and controversial Marcos critic who, as Archbishop of Manila, owns nearly 61 per cent of the bank's shares.

In last Wednesday's march through Manila's financial district sponsored by the Bank Employees Labor Alliance, an aggruppation of 21 unions in the banking industry, Monte de Piedad employees carried a huge streamer which read: To his Eminence Cardinal Sin, head of Monte de Piedad: Practice what you preach...

But lest the strikers be hastily branded as either Marcos stooges, peddlers of intrigue, or hard-core atheists, they still hope that very soon, management would finally see the light. Didn't a notorious tax collector end up as one of Jesus Christ's trusted apostle?

Foremost in the union's grievance list is a demand for the full implementation of PD 1614 which grants a P60 emergency cost of living allowance (ECOLA) for all workers in private firms. The union claims that management has been violating this decree since its signing in 1979. They brought the issue to the Labor Ministry which then ordered the bank to pay the employees. "But up to now, we have not received a single centavo," the union contends. As of this year, Monte de Piedad reportedly owes its workers a total of P850,000 in unpaid allowances.

Thus far, the union claims that management is treating the strike with indifference. A lawyer, one of the bank's leading spokesmen, recently thumbed down any negotiation with the union unless they clean up the "mess" at the bank's main branch in Sta. Cruz, Manila (the workers splattered old newspapers on the front walls and doors and painted slogans over them).

Cardinal Sin, the workers claimed, does not know the real score at the century-old financial institution. They expressed fears that the outspoken primate had been misinformed if not "deceived" by his junior of-

ficials.

Chances at reconciliation are dim at the moment, says one union official. Aside from unpaid allowances, the union is also protesting the withholding of salary increases of P110 per employee, non-compliance with the provisions of Wage Orders 4 and 6, and deadlocked negotiations for a new collective bargaining agreement.

"As a simple Christian gesture, we ask Cardinal Sin to listen to our demands," a lady striker, who has been manning the picketline since January 21, appealed.

"Bakit sa Tsina alam ni Cardinal ang nangyayari, pero dito mismo sa bangko ay wala siyang nalalaman?"

Paging His Eminence...

CSO: 4200/730

PHILIPPINES

TWO CHURCH FIRMS HIT BY STRIKES

Manila BULLETIN TODAY in English 25 Feb 85 pp 1, 17

[Text] Over 400 striking employees of two church-owned firms denounced church authorities yesterday for alleged unfair labor practices.

Morris Kibayen, 36, leader of the 21-month-old strike-bound Arnoldus Woodworks International in Quezon City, said they would push through their strike until they get justice. He said they have been on strike since May 20, 1983.

Church authorities concerned could not be contacted for comment.

Kibayen said the firm had dismissed some 180 workers hastily without prior notice during negotiations between the workers and management.

The workers have been picketing Christ The King seminary on Rodriguez St. in Quezon City where the Arnoldus Woodworks International management still holds office, to demand the reinstatement of the dismissed workers.

Employees of the Monte de Piedad Savings Bank, one of the country's oldest banks, has been on strike since Jan. 31 after management failed to pay back wages and allowances to its employees amounting to P1.6 million

Romulo Criaco Jr., president of the Monte de Piedad Employees Association, accused the management for reneging on its promise to pay the 232 bank employees an initial 10 percent across-the-board increase.

"We gave management a strike notice on Sept. 20, 1984 but we did not go on strike right away to give the bank some leeway," Criaco said.

He said the workers went on strike only after four months when the management failed to increase their salaries.

Criaco said Monte de Piedad is headed by Jaime Cardinal Sin, archbishop of Manila.

He accused the bank of bad faith in non-fulfilling its own promise and for other unfair labor practices.

According to Kibayen, the Ministry of Labor and Employment (MOLE) issued to the dismissed workers a return to work order on June 7, 1983.

However, he said, the management issued a termination order the following day despite the fact that they were ready to return to work.

Kibayen said the company defied the MOLE's order.

He said the workers declared the strike after two of their colleagues were dismissed arbitrarily.

Kibayen also said the management refused to give them transportation allowance when the company decided to transfer its factory to Marilao, Bulacan, from Christ the King compound.

Ciriaco said that they were told by Sabino Padilla Jr., the bank's director and legal counsel, that everything under the sun is bargainable, including presidential decrees and wage orders.

CSO: 4200/735

PHILIPPINES

PRIMATE'S POLICIES, PROSPECTS FOR PAPACY PROFILED

Bangkok ASIA MAGAZINE in English 24 Mar 85 pp 5-8

[Article by Vaudine England: "Faith in Sin": First paragraph is ASIA MAGAZINE introduction]

[Excerpts] Millions of Filipinos, the majority of whom are devout Roman Catholics, look to Cardinal Jaime Sin to fulfill their spiritual needs. However, an increasing number are also placing their faith in him for deliverance from the woes of political and economic strife which have beset their country. Outside the Philippines and within the hierarchy of the church, Cardinal Sin is recognised as a likely successor to Pope John Paul.

The church and the motor car are unlikely symbols for a comparison. Then the man who chooses them does not always ride with convention. Cardinal Jaime Sin, in fact, is a forthright critic of a regime in his country against which few until recently have dared to raise a dissenting voice. Now, short of calling for the overthrow of President Ferdinand Marcos, he has stirred the will of his countrymen and urged them to join the Parliament of the Streets, the unique way Filipinos have for opposing the government line.

It is in making this call that Cardinal Sin likens the church to the car. "If a car has nothing but brakes it will never move forward," he says. "The brakes are the conservatives in the church. But if a car has nothing but an accelerator it will crash! The accelerator is the radicals among us. For a car to function properly there has to be a judicious combination of brakes and accelerator. That's me. When necessary, I am an accelerator and people accuse me of being a radical. When the situation calls for it, I am the brakes, because I have to make sure that these people do not lead us all down the road of destruction."

With millions of Filipinos seeing Cardinal Sin as a lovable, human symbol of the caring role of the church, this is an example of the extent he will allow himself to be pushed into a position of leadership in the political and personal recovery of the Philippines. It is an awkward situation and one he has been forced to grapple with since he first began to criticise the Marcos government 10 years ago. He wants to and can love everyone and relies on

great personal charm to bring the powder-keg notions of honesty and justice to the entrenched establishments of church and state.

Any doubts about the potency of his force must have been dispelled by his homily at the funeral of the murdered opposition leader, Senator Benigno Aquino, as he declared: "My friends, in our brief over the passing of Ninoy, let us not blind ourselves to the fact that he came not in the spirit of confrontation but in that of reconciliation. As we mourn his death, let us remember that he left us a priceless legacy, the legacy of working with all our heart and with all our soul and with all our strength, for a revolution of love."

Of course, in the polarised world of Philippine politics, Cardinal Sin walks a tightrope. A large part of his church is engaged in the type of community work which the government considers provocative, and he merely demurs when such work becomes violent. Yet while he is brutally frank about the state into which his country has fallen in areas of economics, politics and human rights, he refrains from personal attacks. Instead, he urges people in general to see their faults. His message is one of reconciliation.

The duties of the 56-year old cardinal beyond his Manila base are no less controversial. In his chosen role as go-between, he used his family roots in China to set in motion a visit to a country where the church itself is divided between the official Chinese Catholic Church, which eschews contact with the Vatican, and the underground church, which is loyal to Rome. The cardinal admits that reunification is his long-term aim and observers note that his close friendship with Pope John Paul II suggests that he may not be alone in seeking to achieve this goal.

Explaining the trip to Felix Bautista, his best friend and editor of the popular weekly Veritas, he said: "I see myself as a man paying court to a girl and going to the girl's house for the first time. My first purpose is certainly not to make any ardent declarations, for the girl might say, 'Get lost!' My intention is to get invited again. And after I get invited again and once again, then perhaps I can begin."

Cardinal Sin spent more than a year preparing for his trip to China. In the end he set off with 20 large boxes full of carefully selected gifts and a well defined plan of what to say. Yet even the best laid plans can come unstuck and Cardinal Sin recalled that this led to one of the more moving moments of the trip. At a meeting with Chinese priests the plan was to sing the hymn, Our Father, in Latin. But nobody could sing the words because everyone was crying.

"I told them that he should not be isolated," said Cardinal Sin. "I said there should be communication between all of us. Yet this is a new concept for China and at first we were both suspicious. I said we should not discuss religion as we would only argue... Yet as we were leaving, these Communists were crying! And they asked me back. Six times! So I feel it was a very beautiful trip."

Accusations have been hurled at Cardinal Sin in many forms. Some say he is too much the chameleon with delusions of grandeur. Others even accuse him of wanting to be another Khomeini, the fanatical ruler of Iran. By sometimes deliberately cultivating these claims he keeps everyone guessing.

One moment he can be simply defining his views on the role of church by stating: "There must be total human development of body and spirit. However, politics is a human activity and as a human activity it has its own morality. Therefore in comes the priest. You see how clear it is? It is very clear to me!" He explains that the church as an institution is not interested in any system of government. "It could be a monarchy, democracy, dictatorship, or constitutionalised authoritarianism such as we have now," he says. "But provided that human rights and the Christian wishes of man are protected the church does not care what kind of government it is. You see how clear this is?" Only when the lay-man and lay-woman are silent through fear, he adds, does the clergy start talking. Ideally, this should not be necessary. It is the error of neo-clericalisms made understandable by circumstances.

He can follow such serious debate with a rollicking recollection of his meeting with US President Ronald Reagan. "When I was in the United States, Reagan said, 'Come to Washington, if you want to see me.' But I said, 'No! If you want to see me, you come to New York!'" So he did, and I gave him a lecture on what the US should do." He pauses, overcome with laughter. "You know," he adds, "they are very wealthy, but they are not using their money properly. But I'm not sure that he heard me. Reagan is old, you know, using a hearing aid made in Japan, and I had to shout for him to hear me!"

The cardinal has been asked to give a lunchtime speech on stewardship, but the recent death of the Mayor of Zamboanga, Cesar Climaco, inspired him to reuminate on its implications for the Philippines. "If we accept the premise that there has been a widespread erosion of moral values, then we will also have to admit that this erosion can be stopped only by an internal change within ourselves as a people," he told his audience.

Such comments tend to temper the view that he is a radical firebrand. Yet there is general fear for his safety, a fear hardly allayed by the many phone calls he receives from the presidential palace. "He [the president] is not paying me--why should he check me?" he asks.

The cardinal, in fact, resists attempts by friends to protect him and accepts his bodyguards, grudgingly, as a gift from a concerned mayor. Even the Pope has expressed concern about the cardinal's safety by inviting him to set up home in Rome. But Cardinal Sin cannot entertain the thought of leaving his people.

"I believe I am a moderate," he says. "It is my duty to release the feelings of the people. I want to be a bridge, a pontifex, destroying the walls of division and fostering harmony and peace." Preaching peace to mobs of angry demonstrators is more complex. "When one would like to kill you, you have a duty to defend yourself. In the process, you might have to kill somebody.

You are not going to be condemned by God because of that. Some use this to justify violent revolution, but seldom does this come up."

The cardinal's climb to the church hierarchy from such humble beginnings has been meteoric. He is now a member of 14 papal commissions, a record, and this has constantly kept him in contact with cardinals from all over the world. There are, therefore, many who believe he could aspire to greater heights, especially with observers noting the person known to everyone is the one likely to be elected pontiff.

The same observers note that Cardinal Sin always is invited to have a private meal and chat with the Pope when in Rome and he is often called "papabile," a reference to one who is or could be Pope. The fact the church in Asia is probably the fastest growing and most dynamic in the world--with an increasingly significant number of Chinese Catholics entering the world stage--also gives rise to the possibility of an Asian pope for the first time.

Now, in a far more serious vein, only those who have cause to fear the cardinal as he seeks to carry out his dual role as priest and pastor want Sin delivered from out of their midst.

CSO: 4200/735

PHILIPPINES

RICE SHORTAGE MAY FORCE IMPORTATION

Quezon City ANG PAHAYAGANG MALAYA in English 22 Feb 85 pp 1, 2

[Article by B. Guevarra]

[Text]

The projected rice shortage attributed to high fertilizer prices and the January dry spell may force the National Food Authority (NFA) to procure more than the 300,000 metric tons of rice it earlier planned to import this year.

The possibility of having to import more rice loomed yesterday following the statement of NFA administrator Jesus Tanchanco that rice imports for 1985 will depend on the harvests from the "palagad" (dry season) cropping this March and April.

The presidential adviser on food said the NFA will have to wait for the harvest report of the Ministry of Agriculture and Food (MAF) before the actual import volume can be set.

The NFA has a "stand-by" authority to import 300,000 m.t. of rice for 1985 with a potential value of P1.8 billion (at P6 per kilo or P6,000 per m.t.)

Tanchanco bared that the current rice stock is 1.1 million m.t., which is enough to supply the country for the next three months.

However, this will only last for 68 days instead of Tanchanco's estimate of 90 days if one were to use as basis the average of 16,000 m.t. which the NFA itself had reported as the national daily consumption rate.

The NFA administrator said the current stock was beefed up by the 54,000 m.t. exported last week by Indonesia, which is expected to ship before the end of February the remaining 46,000 m.t. of its 100,000 m.t. commitment to the country.

NFA may have to import more than 300,000 m.t., because of the projected shortfall of more than one million m.t. of palay in the "palagad" cropping ending March and April.

Jaime Tadeo, chairman of the Alyansa ng Magsasaka sa Gitnang Luzon (AMGL), earlier disclosed that they only expect to produce some 40 cavans per hectare - or 50 per cent less than the 80-cavan national average - because of high fertilizer costs. Since Central Luzon has a total of 412,100 has. of rice lands, the shortfall is about 825,000 m.t. of palay.

Almost 60,000 has. of standing palay crops in 7 provinces are also threatened by a month-long dry spell which the MAF is frantically trying to end with a cloud-seeding operations.

Unless the artificial rain-making unit of the Philippine Air Force is successful in inducing rain, approximately 236,000 m.t. of palay could be wiped out in the affected areas, which includes 42,300 has. of ricelands in Isabela, Cagayan and

Nueva Vizcaya in Northern Luzon and 16,700 has. in North Cotabato, South Cotabato, Sultan Kudarat and Davao del Norte in Central Mindanao.

These alarming developments endanger, therefore, an estimated 1.06 million m.t. in Central Mindanao and Central and Northern Luzon, which is almost double the shortfall of 659,000 m.t. of palay that the MAF is expecting in mid-1985.

To offset this projected deficit, the MAF launched late last year the intensified rice production program (IRPP) or "sagad palagad." The crash production program is geared to produce an additional 390,000 m.t. of rice by squeezing in another cropping this dry season covering 150,000 has. in at least 20 major rice-producing provinces.

CSO: 4200/730

PHILIPPINES

JAPAN RESISTS GRANTING NEW COMMODITY LOAN

Manila PHILIPPINES DAILY EXPRESS in English 28 Feb 85 p 18

[Article by Ruby Villavicencio]

[Text] A Philippine request for another commodity loan this year has sort of received a "cold treatment" from Japanese officials, highly-placed sources indicated yesterday.

The Japanese posture, the sources said, was prompted by the "slow" availment by local industries of the \$156 million commodity loan granted to the country last year.

So far, only \$20 million of the \$156-million commodity loan had been availed of by local importers because of the high interest rates imposed on by commercial banks, and other restricted requirements such as the putting up of cash letters-of-credit equivalent to 120 to 130 percent of the commodity import values, including the foreign exchange risk.

This commodity loan was part of the 12th yen loan package the country got from the Overseas Economic Cooperation Fund (OECF). This was originally intended to finance development projects, but was partly converted into a commodity loan on the request of the Philippine government.

CSO: 4200/735

25 April 1985

PHILIPPINES

CORDILLERA TRIBAL CONCERNS REPORTED

Quezon City ANG PAHAYAGANG MALAYA in English 21 Feb 85 p 2

[Text]

BAGUIO CITY (PNF)
- Peace refuses to reign in Kalinga-Apayao and the Mt. Province in the Cordillera mountains north of Manila.

Three years ago, the Philippine government's National Power Corporation stopped construction work in the Chico River four-dam complex in the two provinces. The Kalingas and Bontocs, two of the major ethnic groups in the Cordilleras and the ones most affected by the World Bank-financed project, have fiercely resisted construction of the dams and have turned their communities into virtual battlegrounds, driving off government soldiers and construction engineers.

The subsequent government announcement that the Chico dam project had been "cancelled" for the time being was expected to bring calm to the Cordillera tribes. However, the Kalingas and Bontocs have remained skeptical of the reported

cancellation.

Now their doubts have turned into fears that the project will indeed be revived. They suspect that the current anti-insurgency campaign of the Armed Forces of the Philippines (AFP) in the two provinces might be the opening salvo for the resumption of the project.

Mario Yag-ao, a village leader and head of the Kalinga-Bontoc Peace-Pact Holders Association (KBPPHA) echoes the sentiments of the Cordillera communities when he said, "We believe that they (the AFP soldiers) are here because of the dams."

Lending credence to this theory is the fact that the bulk of the 3,000-strong military force involved in the anti-insurgency drive has been fielded in Tinglayan, Kalinga-Apayao province. Tinglayan is the site of the proposed Chico River dam no. 3.

Not even the personal assurances of acting AFP chief Lt. Gen. Fidel Ramos that the project had indeed been shelved could dispel this suspicion. Following the general's visit to the mountain provinces last October,

KBPPHA leaders asked him in a letter to put his assurances in writing. The association likewise urged that all military and paramilitary troops be pulled out of the Cordillera region.

The demand for the troops' withdrawal, which was endorsed by the Cordillera People's Alliance - the umbrella organization of the region's ethnic groups - arose as alleged human rights abuses involving military personnel mounted. As reported at the congress of the Northern Luzon Human Rights Organization last December in 1984 alone, there were 15 cases of "salvaging" (summary executions), more than 62 persons illegally arrested and detained, and several incidents of abduction, looting, manhandling, hamletting, and sexual abuses. In each of these cases, according to reports by human rights groups, military personnel were involved.

Military operations began in the Cordillera in mid-1984, reportedly to flush out New People's Army (NPA) guerrillas. As in the past, some local bureaucrats, blaming the guerrillas for the slow economic progress of the mountain region, welcomed the military drive.

CSO: 4200/730

PHILIPPINES

REBEL PRIEST REPORTED BEHIND NEGROS BANK ROBBERY

Manila BULLETIN TODAY in English 22 Feb 85 p 8

[Text] Bacolod City--A rebel Catholic priest who has been missing from his parish for the last two years has been named by military authorities here as the main suspect in the robbery-holdup last Feb. 14 of the Traders Royal Bank branch office in Kabankalan town, Negros Occidental.

Some P800,000 in cash and four firearms were taken by the robbers, a bank accountant was killed, and the bank cashier was seriously wounded.

Col. Isagani delos Santos, head of the Negros tactical command, identified the priest as Fr. Frank Hernandez, former parish priest of Isabela town, Negros Occidental

He is the alleged leader of the New People's Army operating in the CHICKS area, the acronym for the towns of Candoni, Hinobaan, Ilog, Cauayan, Kakbankalan, and Sipalay.

Delos Santos said the leader of the holdup group was identified by a bank employe, who was a former classmate of Fr. Fernandez.

CSO: 4200/735

PHILIPPINES

KBL POWER STRUGGLE AGAINST ENRILE SPECULATED

Quezon City WE FORUM in English 22 Feb 85 pp 1, 2

[Article by Marlen Ronquillo]

[Text] A move to discredit Defense Minister Juan Ponce Enrile is reportedly being initiated by a strong KBL bloc in what appears to be the first sign of a power struggle that could break up the ruling party in the post-Marcos era.

WE Forum sources said two persons very close to President Marcos have started mending fences with the Dupaya family, political arch-rival of the Enriles in Cagayan, in an effort to neutralize the Defense Minister's influence in his homeground.

By doing this, sources said, the KBL bloc opposed to Enrile could lessen his chances of being drafted as the Kilusang Bagong Lipunan (KBL) standard bearer in case the ailing President decides not to run in the 1987 presidential elections.

Enrile is one of top KBL leaders who have announced their intention to run for the presidency if President Marcos "is no longer interested."

It was not known if the Dupayas were convinced to join the bloc in the anti-Enrile move.

Enrile and two of his political proteges--Antonio Carag and Alberto Reyno--won the three assembly slots in Cagayan last May 14 beating the opposition candidates of the Timek Ti Umili party.

Tito Dupaya, head of the rival political clan, led the Timek candidates.

The same sources said Enrile has been left out in some KBL meetings and briefings on the peace and order problem.

Enrile and Mrs. Imelda Romualdez Marcos, the Minister of Human Settlements and Metro Manila Governor, clashed on the peace and order issue in a KBL caucus last Jan. 7, according to published reports.

The defense minister gave the KBL party leaders a briefing on the rising insurgency problem which Mrs. Marcos apparently did not like. The published reports quoted Mrs. Marcos as saying the inroads of insurgency might have been caused partly by the failure of the defense ministry.

Enrile, the reports said, took Mrs. Marcos statements in stride but said he has to report the "truth."

Last Monday, Mrs. Marcos told newsmen "Minister Enrile is a part of the family" and that her reported differences with him are over.

Enrile, Mrs. Marcos and Labor Minister Blas F. Ople are the three prominent KBL leaders most likely to contend for the party's presidential slot in any election called before 1987.

Ople earlier said a power struggle would rock the KBL once President Marcos decides not to seek reelection.

"There will be no presidential drafts and the candidate will be chosen after a bitter struggle for power," Ople said.

Ople said Mrs. Marcos has the first claim to the party nomination once the president retires from politics but also mentioned his name, Enrile's and several others as possible contenders.

CSO: 4200/730

25 April 1985

PHILIPPINES

MNLF'S MISUAR IN SANAA; PREDICTS 'FINAL VICTORY'**Cebu City VISAYAN HERALD in English 23 Feb 85 pp 2, 10**

[Text] Manila (PNF)--The Moro National Liberation Front (MNLF) is sure to win "final victory" as a consequence of the Communist challenge to the Marcos government, Nur Misuari, chairman of the MNLF central committee said recently in Sana'a, Yemen Arab Republic.

Misuari also said that MNLF leadership of "the Moro people's struggle" was recognized anew by the 11th Foreign Ministers Conference of the Islamic Conference late last year, and by the Summit Conference of Heads of State of Islamic Conference members this January.

Speaking at a press conference in Sana'a Misuari said that the MNLF was given recognition in the foreign ministers' conference as the official representative of the Moro nation.

The conference passed a resolution supporting the Bangsa Moro struggle under MNLF leadership, urging all Islamic Conference state members to extend political, financial and humanitarian assistance to the MNLF.

Misuari has appealed to all conference state members, as well as Islamic humanitarian and philanthropic organizations and individuals, to "respond to these resolutions in the interest of the oppressed Moslems (of the Philippines)."

"All signals now point to the inevitability of the Bangsa Mro's final victory under the MNLF," M'suari declared at the press conference.

The MNLF leader signaled out the "disintegration" of the Marcos government's military presence in Mindanao as the important factor in his people's "future success" in their demand for self-determination.

Misuari said that because of the growing crisis faced by the Marcos government, it has withdrawn from Mindanao a large number of its military forces and is now concerned with "protecting Malacanang Palace (the presidential residence) from the growing Communist insurgency and the protest movements proliferating in the streets of Manila and in the provinces."

The MNLF's strategic goal is the "liberation" of what it terms the "Bangsa Moro homeland" --an area of about 166,000 sq. kilometers in the southern Philippines that has vast forest and mineral resources, and probably the richest marine resources in the world. Within the archipelago area is the Sulu sea, named after the Sulu archipelago, which historians say was the seat of the first Islamic power in the Southeast Asian region and the stronghold of the Moro people's resistance against foreign incursions for over three centuries. It had a population of 14 million in 1984, about 10 million of this belonging to Muslim indigenous groups.

CSO: 4200/735

PHILIPPINES

SOLDIERS GUARD STRIKE-BOUND BULACAN FIRM

Quezon City WE FORUM in English 28 Feb 85 p 10

[Text]

The Constabulary yesterday started round-the-clock guarding of the strike-paralyzed Era Industries in San Jose Del Monte, Bulacan even as the strikers opened a picket line vigil over one of two comrades totally ran over by a company truck which rammed the line Monday night.

The order for the Constabularymen to "maintain and insure peace and order" in the factory located in San Jose Del Monte, Bulacan came from Acting Armed Forces Chief Lt. Gen. Fidel Ramos in his capacity as PC Chief.

The fatalities of the Monday violence were Arnel C. Dy, 21, who died on the spot with a crushed head, and Rodrigo Garcia, 23, who suffered a shattered pelvis and crushed abdomen and died later in a hospital.

The Cebu-born Garcia had no relatives in the city

and is lying in state at the picket line. He is scheduled to be buried Sunday.

The strikers belonging to the ERA Industries Employees Union are also requesting the family of Dy, the union's secretary, to allow his body to be brought to the picket line. They are also asking for permission from Dy's parents to allow both Dy and Garcia to be buried in the same grave.

Three other workers - Alma Dulas, 21, Victorino P. Virano, also 21, and Randolph Himao - were injured when a 7-ton company truck loaded with tiles tried to leave the compound by ramming the picketeers.

Police Capt. Joey Salonga of the San Jose Police Station, said that the truck driver is still at large. He added that he had "invited" ERA owner-manager Enrique R. Angeles to help the investigation.

Angeles was reported to be in hospital and Malaya was not able to talk to him. A secretary of the company could not give the name of the hospital.

CSO: 4200/730

PHILIPPINES

ARMY PURSUIT, FIREFIGHTS KILL 10 ILOCOS NPA

Quezon City ANG PAHAYAGANG MALAYA in English 28 Feb 85 pp 1, 8

[Article by Orly Guirao]

[Text]

VIGAN, ILOCOS SUR -

Ten armed rebels that included four former close aides of slain rebel-priest Zacarias Agatep were killed in four gunbattles with government troops over the weekend, a military report said.

Brig. Gen. Tomas Dumpit, Regional Unified Command and Task Force Amianan chief identified the slain rebels as Epifanio Jaban, alias Kumander Mar, Dominador Aguilar alias Kumander Allan, Jaban's wife, Dina Cabatu and one alias Ka May and Jessie Foronda alias Ka Sapang.

The report failed to identify the six others as their bodies fell into a deep ravine that troopers could not immediately retrieve at the height of the gunbattles.

Killed on the military side was Pat. Isaias Gaagiskan of the Del Pilar town police force while CIC Dito Obingke was seriously wounded, Dumpit said.

The identities of rebels Jaban and Aguilar were confirmed by former rebel Simon Pislao alias Ka Sablot, Jaime Agustin of Suyo Ilocos Sur and Myrna Banay Jabinar, Kumander Allan's wife.

Among those unrecovered body was that of Cabatu which was believed left by her comrades in their frantic escape at an earlier encounter.

The series of gunbattles started Feb. 13 when military troopers led by Capt.

Ambrosio Beredo of the 134th PC command caught up with Cabatu's group in sitio Bantay, Quirino town. Cabatu together with Romulo Jabat alias Ka Mel, a certain Ka Zaldy and seven others were believed on a journey to a Valentine rendezvous with Cabatu's husband in Suyo.

Beredo's group pursued the fleeing rebels and engaged them anew Feb. 20 in Mt. Kutang in sitio Botiki. Two unidentified NPA members were killed in that encounter.

Ka Mar escaped with Ka Allan. Three days later, the military hot on their trail, caught up with the rebels in sitio Dapyuan along Zigay river bank.

The government troopers finally trapped the rebels Feb. 25 in Man-atong, Suyo. With no way out the rebels led by Jaban and Jabinar put up desperate last fight and fought the troopers in a gunbattle at high noon.

The encounter yielded Jaban and Gabinar dead and AK-50 high-powered rifles with fully magazines, 30 caliber carbines with several rounds ammunition, a binocular, six jungle packs of assorted personal belongings including Jaban and Cabatu's marriage contract, assorted subversive documents.

Alzate said troopers were still scouring late yesterday the areas believed "zones of security" by retrieving 20 rebel bags to clinch a wipe-out of the NPA's north-west front.

THAILAND

CHANGES IN CPT, LINKS WITH LAOS NOTED

Bangkok CHAT ATHIPATAI in Thai 3-9 Mar 85 pp 14-17

[Article: "Cut Throat Competition To Be New CPT Standard Bearer Between Red Star, Green Star and White Star"]

[Text] An internal document of the Internal Security Operations Center's [ISOC] and the Civic Affairs Center says concerning the current situation of the clandestine political party known as "the Communist Party of Thailand [CPT]" that, "It is certain that only the fraudulent leadership and fraudulent organization of certain stubborn leaders is creating turmoil in the country," and that it is confident that "the future of the revolutionary movement" has only one way out, namely, legalization of the party and parliamentary struggle in a democratic way.

Recently, a military officer affiliated with the Ranger Volunteer Corps at Pak Tong Chai Base disclosed [information] about the southern Northeast CPT movement in the area between Nakhon Ratchasima and Prachinburi Provinces. This unit's name has been changed from 205-207 to Jungle Operation Zone 5, which reflects the perseverance of the movement in adjusting to an increasingly semi-jungle, semi-rural one; it is also another confirmation that this CPT group will not turn itself in to officials.

Even though the situation in the Northeast is becoming "peaceful" as everyone has been hoping for, news reports that CHAT ATHIPATAI has received now and then from the high plains make the picture of the CPT or other movements in the Northeast appear different from [pictures based on] information from ISOC in the capital.

Who's Who in the Red Star Clan?

Officials who adhere to Article 66/23 [66/80] or other clauses of Article 66 have issued analyses about the post-1982 CPT [movement]; the part concerning the Northeast states that there is a coalition committee of the northern Northeast, southern Northeast and Udon Ratchathani Special Zone areas, with Mr Vinai Phuangphoonsab (Comrade Chit) as regional secretary general. The Northeast's central [party] headquarters is in operational zone 205-207 (or presently in Kornburi and Seuangsone Districts of Nakhon Ratchasima Province and Nadi District of Prachinburi Province).

A source from Army Region 2 divides the former party in the Northeast as follows:

1. The former southern Northeast region group has more troops than the others and also has been working in rural and urban areas. The group is said to be organized and not scattered, unlike the others;
2. The Udonthani Special Zone group has troops based along the Phu Khiew Mountains and Nam Naow jungle. They are loyal to Comrade Thung or Vibun Chinchaiwat (the former secretary general of this zone). It is understood that urban operations are underway, especially in downtown Khon Kaen and Udon Thani;
3. The former northern Northeast group has some troops based in the Phu Phan Mountains. Its troops are stationed with Comrade Siam (Prachuab Ruangrat) and Comrade Wattana (Chavalit Thakhaow).

The same source also said concerning the movement of the former party that it intends to draw under its leadership the masses in such areas as Na Kae District, Nakhon Phanom Province, as it did in the past. Comrade Khachat and Comrade Naksuka are trying to coax the [people in the] former united front from the villages near the jungle to rejoin its organization. Previously, namely at the end of 1982, the Northeast CPT stipulated measures (top secret) for improving the troops:

1. Maintain proficient troops;
2. Negotiate for turning themselves by contacting local officials only;
3. Surrendering is to be organized in small groups without the turning in arms.

Consequently, [the former party] hopes that these people still continue to believe in it.

One former party member at the provincial party level pointed out that an important obstacle to the former party (Red Star) in gaining members for the united front was that political problems were disclosed so that it was hard to have discussions for mutual understanding with other groups that broke away. However, it had an advantage in that there was quite a bit of funding, enough to operate for many years.

Green Star Crosses Over the Mekong River as Requested

During the last 2 years, ISOC Region 2 intelligence channels have been very much interested in the new communist party movement or the Green Star. The Chinese line CPT has increasingly lost influence in many areas; this in turn has opened up opportunities for a new party assisted by the Vietnamese and the Soviets to expand its influence. Most importantly, the Green Star group does not have any strangers, but all are former CPT members.

A report from Army Region 2 has disclosed that the new communist party movement is named the Thai People's Revolutionary Movement and that its members have been sent to Loei, Nakhon Phanom, Moukdahane and Ubon Provinces. Even though there have not been any official disclosures, it is speculated that the movement during this period is looking for members and gathering intelligence.

The Green Star group or the Thai People's Revolutionary Movement is regularly mentioned by intelligence unit officials, namely, the group of Comrade Muangthong (Pueang Chomphu) that has operated around Na Heow District, Loei Province and Ban Khok District, Uttaradit Province, and another group in the direction of Plapak District, Renu Nakorn District, Nakhon Panom Province with Comrade Sakda and Comrade Chaiden as leaders, both of whom are CPT members formerly affiliated with the .333 Division (northern Northeast region).

A source from the Partners in Thailand's National Development group said concerning the background of these two groups that Comrade Muangthong is a native of Plapak District, and held the post of commander of the principal battalion (of the northern Northeast TPRM) and led more than 100 troops to Sayaburi Province in 1978. When the conflict between the Chinese line CPT with the Lao Communist Party and Vietnamese Communist Party arose, he led troops back to the three province area (Phetchabun, Loei, and Phitsanulok Provinces). However, this battalion was split into parts afterwards; one portion fled to Laos, one turned itself in to officials and the remaining more than 30 men stayed with Comrade Muangthong, with most of them returning to their former area of operations (the northern Northeast region).

"Muangthong previously worked with the masses in the area of Ban Khok and Na Heow Districts so it is not so strange that there are reports of signs [of his unit] in those areas," the same source stated.

Not only Muangthong or Mr Pheuang Chomphu led their troops into Laos; in 1981, a group of committee members from Ratchaburi District (and Plapak and Renu Nakhon Districts) on the Nakhon Phanom side in Ratchaburi District broke away from the 333 Provincial Committee of which Comrade Khachat was the secretary general. Those who separated from the 333 Provincial Committee returned to operate in the same area. Actually, many villages have been in the red zone for more than 2 decades, since members of the Lao Patriotic Front of Prince Souphanouvong came in to expand their operations and took at least 100 young men from these areas to help fight in Laos.

"Manin is from this village and he previously fought with the Red Lao. Later, he joined the CPT until the conflict arose, when he split from the CPT to go with the LPRP. Later, Manin persuaded his friends and relatives who were operating in the area of Plapak and Renu Nakhon Districts to go with the LPRP. These people should have believed the Lao more than the Vietnamese," the same source said concerning Comrade Manin or Mr Kunrom Chitmat, the former leader of the first Phu Phan CPT group and who has a background similar to Comrade Muangthong's and Comrade Sakda's.

Notably this group has quite a lot of funds. Some news broadcasts have reported that former CPT activists have been hired at very high salaries, some with salaries up to 8,000 baht. The weak point of this CPT United Front group has been that they are regarded, for the most part, as henchmen of the Vietnamese. Operations during the starting period aim at drawing in relatives as the top priority. It is speculated that when this group has bought out high level members of the Northeast CPT, it will certainly expand its operation widely.

Who Will White Star Choose?

The Northeast CPT is considered to be splintered into many small groups. One group that turned itself into officials without the guidance of the former party should be considered as a "colorless group" or the White Star. An intelligence report from a provincial ISOC concludes that the group that came out to turn themselves in can be divided into three groups:

First group - low echelon members who came out in order to earn their living normally; they are not interested in who is doing what or where anymore;

Second group - an independent group which is naturally consolidated; in particular, they have respected each other since they were in the jungle;

Third group - the group that had contact with central military officers and were helped as a special case.

That official explained in addition that the interesting second group is Comrade Yut's and Comrade Pleow's group, which has basic troops in Nongbualamphu District, Udon Thani Province. Both [these men] are former leaders from the Udon Thani Special Zone but they did not agree with the former Party Central Committee and there have been reports that this group is attempting to make contacts for international aid but it has not been successful. Their famous achievement is contacting to negotiate with the Thai government through a former Thai prime minister to join in opposing Vietnam until Mr Damri Ruangsutham was finally arrested.

Not too long ago, another group became big news, namely, the former Task Force 666, with Comrades Pan (Vichit Chandavong), Phichit, and Chairob as its leaders. This group had thought of joining the Young Turks group in instigating the 1981 coup d'etat. (After the incident of 1-3 April) last year, Pol Maj Gen Boonchu Wangkanon called them in for interrogation and detained them as witnesses in the assassination attempt on Prime Minister Prem.

As for the third group, it is well known because Gen Athit Kamlang-ek traveled to dedicate the Village Development Aid Project and allocate land to this group in all three villages around the end of last year. Since this group split from the former party in a sort of "doublecrossing" of their colleagues, they have unavoidably had encounters with them.

"Later, attacks on this group decreased tremendously. Although it is not known what kind of plan the former party has, it is trying to maintain its troop force. [The third group] is a little disappointed that the army has

been a bit slow, so that the former party found gaps to attack it, [claiming] that this group was tricked into coming out from the jungle without receiving any kind of assistance. If they had been assisted faster, many more people of the former party would have come out to turn themselves in," an administrative official who is in close contact with the Partners in Thailand's National Development stated.

While the army believes that there is a new situation in the Northeast--there is only one bandit group waiting for the day to turn itself in, the group that fled across the Mekong River has returned and all Partners in Thailand's National Development from the three villages have places to live and land for making their living--[the situation] should not be one of no peace in the land of the Northeast.

But an analyst of the situation who is a university professor has concluded that under the current insecure, unjust and undemocratic economic and political situations, it is certainly impossible to stop the search or struggle [for political freedom]. Nobody can predict whether the struggle will be peaceful or by force; the social situation will be the determining factor.

Strife about political ideals will always persist because it is not something like banana roots that can be easily unrooted completely. It is not only a matter between leftist activists and the government but it also includes matters among leftist activists [themselves] because a new consolidation [of the CPT] this time has an old lesson: the standard bearer will be whichever group convinces more of the masses. Therefore, the first round to test their strength in the competition for the masses by the various color stars has begun and there will surely be more rounds to come.

12587

CSO: 4207/146

INTERNATIONAL RELATIONS, TRADE AND AID

SOVIET MAGAZINE EXTOLS CEMA AID TO VIETNAM

Hanoi HANOI MOI in Vietnamese 25 Jan 85 p 4

[Article: "Brotherly Countries Aid Vietnam"]

[Text] (VNA) "Soviet Russia" wrote on 23 January: The cooperation between Vietnam and countries in the socialist community and the Council for Mutual Economic Assistance's increased economic, scientific and technical aid to Vietnam are creating conditions for the latter to overcome difficulties and foster the building of socialism in Vietnam.

After baring slanderous allegations by Western mass media about Vietnam's participation in CEMA activities, the magazine article stated: Presently, representatives of all CEMA members are working with Vietnam's building projects. Czech specialists help Vietnam build projects concerning electric energy, machine manufacturing and light industry; Polish specialists take part in the renovation of the railway, shipbuilding, construction tools, and sugar factories, Hungarian engineers and workers take part in building enterprises that produce refrigeration equipment, implements, technical electric components, wood furniture, drugs, and equipment for mineral exploration, and German Democratic Republic builders and architects help Vietnam rebuild Vinh City formerly damaged by American aircraft.

One can now consider Vinh City as an illustration of GDR-Vietnamese friendship. On Vietnamese soil, there are quite a few similar projects. Enterprises built with Soviet assistance produce 100 percent of tin, apatite, sulfuric acid and superphosphate; 89 percent of coal; 76 percent of metal cutting machinery; and a noticeable amount of electric energy. With the Soviet Union's technical assistance, Vietnam has put into commission nearly 200 national economic projects.

9213
CSO: 4209/266

INTERNATIONAL RELATIONS, TRADE AND AID

HANOI ON STUNG TRENG CEREMONY FOR DEPARTING TROOPS

BK040328 Hanoi Domestic Service in Vietnamese 2300 GMT 3 Apr 85

[Text] An official farewell ceremony for Group 52 of the Vietnamese Volunteer Army was held recently by the PRK Ministry of National Defense and authorities of Stung Treng Province at the central square of this provincial town. On the left of the ceremony platform were representatives of Cambodian people from northeastern provinces and units of the KPRAF; on the right of the platform were officers and combatants of Group 52 of the Vietnamese Volunteer Army in their dry-season uniform.

Attending the farewell ceremony for Group 52 at the Stung Treng provincial town, on the Cambodian side were Bou Thang, member of the KPRP Central Committee Political Bureau, vice chairman of the Council of Ministers, and minister of national defense; Soy Keo, member of the KPRP Central Committee, deputy minister of national defense, and chief of the general staff of the KPRAF; Nay Pena, member of the KPRP Central Committee, secretary of the party committee, and chairman of the people's revolutionary committee of Preah Vihear Province; Chan Ven, general secretary of the Council of State, vice chairman of the KUFNCD, and chairman of the Cambodia-Vietnam Friendship Association; Kham Len, member of the Council of State, secretary of the party committee, and chairman of the people's revolutionary committee of Ratanakiri Province; Son Sopha, deputy secretary of the party committee and chairman of the people's revolutionary committee of Stung Treng Province; Kham Chan, representative of the 1st Military Region; Kham Lua, secretary of the party committee of Mondolkiri Province; Sam Chia, member of the party committee of Stung Treng Province; Keo Lai, chairman of the revolutionary women's association of Stung Treng; and Nin Riko, chairman of the revolutionary youth's association of Stung Treng. On the Vietnamese side were SRV ambassador to the PRK Ngo Dien and the commander of Group 52, Major General Huynh Huu Anh.

Also in the presidium row was Lao ambassador to the PRK Thongpen Souklaseng. More than 80 newsmen representing news agencies and radio and television stations from various countries, including newsmen from Vietnam, the Soviet Union, India, the United States, England, France, Japan, Italy, Australia, and Thailand, were present to cover the farewell ceremony for the Vietnamese volunteer troops who are leaving for home.

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

CHINA'S 'CAPITALIST' TREND--Voice of America recently held that China's present domestic policy is rapidly leaning to the right; that is, to capitalist orientation. Quoting a foreign envoy in China, THE WASHINGTON POST said: What Deng Xiaoping is doing in China utterly lacks the communist spirit. After his visit to China, a reporter of DER SPIEGEL of the Federal Republic of Germany said: Deng Xiaoping is guiding China's economy onto the capitalist road. The phenomenon of the exploitation of man by man prevails in China at present. He also said: In a certain place, a storekeeper that produces vermicelli has hired more than 300 workers. The Indian paper THE STATESMAN said: Deng Xiaoping's policy on economic reform is guiding China's agriculture toward the road of taking individual economics as the key link. This will inevitably create a group of new landlords and change the social relations in China's countryside. The capitalist characteristics in the realm of China's economy will rapidly spread to other realms in the society. [Text] [Hanoi International Service in Mandarin 1130 GMT 7 Apr 85]

CSO: 4005/744

PARTY ACTIVITIES AND GOVERNMENT

ADMISSION OF NEW PARTY MEMBERS IN HANOI REPORTED

Hanoi HANOI MOI in Vietnamese 25 Jan 85 pp 1, 4

[Article: "Ba Dinh Ward Party Organization Admits 270 New Party Members"]

[Text] Last year, the Ba Dinh Ward party organization admitted 270 new party members, including over 50 percent young people. The percentage of women, workers directly involved in production, and scientific and technical cadres has increased over the previous year's.

Many party basic organizations, which have turned party development into a pattern, have admitted more new members than it did in 1983. Many party organizations have drawn up plans for party development and programs to educate and train persons eligible for party membership in accordance with production and work conditions. The organization committee of the ward party committee echelons and ward party school has held training classes for hundreds of dynamic persons eligible for party membership at the grassroots level.

Simultaneously with strengthening control and supervising party chapter organizations under its orders, the organization committee of the ward party committee has improved the task of investigating and considering applications, and of speeding up admission procedures to enable party organizations to hold swearing-in ceremonies for new members on time.

Party organizations and chapters at the Post and Telecommunications equipment factory, the Tien Bo printing factory, the Kim Ma subward, the ward public security service, and the Chien Thang clothing factory have distinguished themselves for a high admission rate and good experiences in party development.

9213

CSO: 4209/266

PARTY ACTIVITIES AND GOVERNMENT

SHORTCOMINGS IN MASS PROSELYTIZATION DISCUSSED

Hanoi HANOI MOI in Vietnamese 25 Jan 85 pp 1, 4

[Article: "VCP Municipal Committee Strives To Carry Out Party Secretariat Directive on Strengthening Party Task of Mass Proselytization"]

[Text] On 24 January, the Party Municipal Committee met with representatives of lower echelons, committees, sectors, and mass organizations in an extensive effort to carry out Directive 53 CT/TU of the Party Central Committee Secretariat on strengthening the party task of mass proselytization. Tran Quoc Hoan, Central Committee member and chairman of the Mass Agitation Department of the Central Committee, attended and spoke to the meeting.

Vu Anh Tuan, standing committee member and chairman of the party municipal mass agitation committee, communicated the content and spirit of the Party Secretariat directive to the assemblage, stressing that it is a very important party directive designed to strengthen party mass proselytization, a strategic endeavor of the revolution. While defining basic party views on mass proselytization in the new stage, the directive identifies areas requiring urgent reinforcement, and the need for improving party leadership over mass proselytization. It falls to the Hanoi municipal party organization to strictly implement that directive, with the focus on fostering the right to collective ownership, strengthening the close party-people relationship, and creating an enthusiastic mass revolutionary movement aimed at successfully carrying out resolutions of the central and municipal committees on economic, social, security and defense tasks in 1985.

As far as the local situation was concerned, Vu Anh Tuan elaborated on the party's secretariat's assessment that, despite recent progress, for the most part mass proselytization has not lived up to revolutionary requirements. Party organizations and committee echelons have not only misunderstood that task, they have also slighted it, failing to promote properly the role of mass and administration organizations in mass proselytization. Cadres and party members have distanced themselves from the people, not doing or not knowing to do mass agitation work. Mass organization activities were slow to change, and still unable to fit in with everyday life and attract broad popular support. Administration echelons have paid undue attention to mass agitation, marked time on management structural changes and restricted the laboring people's right to collective ownership.

In implementing the party secretariat directive to remedy the above flaws, the party municipal committee standing committee has adopted plans to guide party, administration and mass organizations to perform well the following tasks: 1. Strive to fully grasp the party secretariat directive and draw up programs for its implementation in 1985, while carrying out resolutions of the 6th and 7th party plenums, and a party municipal resolution on the 1985 tasks. Especially on the occasion of the 55th party anniversary, all party chapters should hold meetings to discuss the directive, review their leadership role in mass proselytization, point out pluses, minuses and causes, and consider and adopt policies and concrete measures so as to improve and strengthen mass proselytization at units and localities. Later, key party members should meet with non-member persons to hear their comments on party building and mass proselytization.

2. Organize a movement of the masses carrying out revolutionary activities to achieve and exceed the 1985 norms in all respects.

3. Improve and raise the level of leadership and guidance of party organizations and committee echelons in mass proselytization. Every 3 months, party committee standing committees from city down to wards, districts and towns, should hear reports by mass agitation committees, mass organizations and administration officials on the mass situation. Also every 3 months, key leadership cadres from the municipal level downward should go into the grassroots level to contact the masses, listen to their comments, and talk with them on issues to be raised by them.

Party members should be assigned to mass proselytization both at work and places of residence, and this division of responsibilities should be seen as a yardstick to measure party member behavior.

4. Strengthen responsibilities of various administration echelons in mass proselytization. The management structure should be boldly improved in accordance with resolutions of the central echelon to enhance the creative abilities of the masses and foster their right to collective ownership. Steps should be taken to invigorate contacts with the people, making them more efficient while avoiding formalities. The administration at all echelons should supply material bases, expenses, means, etc., to mass organizations so as they can operate.

5. Ameliorate mass organization activities, concentrating on the grassroots level, striving to build models for various kinds of basic organizations, and placing curbs on weak installations. Extreme attention should be attached to developing cadres in mass organizations and to consolidating party groups and standing committees of a number of mass organizations at municipal, ward, and district levels.

9213

CSO: 4209/266

PARTY ACTIVITIES AND GOVERNMENT

DO MUOI SPEAKS AT FOOD INDUSTRY CONFERENCE

BK021532 Hanoi Domestic Service in Vietnamese 1300 GMT 31 Mar 85

[Text] On 21 and 22 March in Hanoi, the Ministry of Food Industry met with representatives from all provinces and cities throughout the country to discuss tasks, targets, and measures for the development of the food industry sector in 1985, during the 5-year 1986-90 plan, and until 2000. Comrade Do Muoi, member of the party Central Committee Political Bureau and vice chairman of the Council of Ministers, attended the conference.

Addressing the conference, Vice Chairman of the Council of Ministers Do Muoi said: The important position of the food industry sector is to pay attention to further improving the people's daily diet and strive to ensure that food is processed under hygienic conditions and can provide ever higher nutrition. As a spearhead of exports, the sector must quickly remove all obstacles to the expansion of the production of export items, thereby increasing socialist accumulation and contributing actively to the industrialization of the country. It must also achieve coordination with all localities to ensure that production and business activities are carried out with good results.

To achieve this aim, it is necessary for the sector to understand thoroughly and implement satisfactorily all the resolutions of the party and the state, including resolutions Nos 6 and 7 of the Fifth Party Central Committee; improve management in industry; carry out satisfactorily the three revolutions--the revolution in production relations, the scientific and technical revolution, and the cultural and ideological revolution--with the scientific and technical revolution being the key one; and implement the mechanism of leadership by the party, management by the state, and collective mastery by the laboring people. The sector must also strive to ensure that production is carried out with high productivity and quality and low production costs.

Vice Chairman of the Council of Ministers Do Muoi also pointed out that production and business management must be conducted with a close combination of industry and agriculture from the grassroots level and in accordance with each economic or technical sector and each territorial region, and that plans must be formulated to reorganize production, carry out economic accountability and socialist business operations, and scrupulously implement the three interests.

PARTY ACTIVITIES AND GOVERNMENT

BRIEFS

MOONSHINING MUST BE OUTLAWED--Kim Thi District (Hai Hung Province) has 12 market places both large and small. In everyone of them one finds moonshiners. In Truong Ka Hamlet, Toan Thang Village, every single household practices moonshining. An estimate of the sticky and regular rice needed to prepare all the moonshine in one day in Kim Thi District comes to several tons. At the agricultural cooperative of Quan Dinh, Van Mon Village, Yen Phong District, Ha Bac Province, there are some 60 cooperative member families who illegally brew liquor. On an average each family uses 15 kilograms of rice for this business, representing a monthly average of 27,000 kilograms of rice for the whole cooperative. This represents one-fourth of the total amount of grain that Yen Phong District sells to its own cadres, workers, and office workers in the whole district! We suggest that moonshiners and people dealing in moonshine be strictly outlawed, for only then can the law of the land be effective. [Text] [Hanoi NHAN DAN in Vietnamese 15 Jan 85 p 2] 1751

HA SON BINH RECRUITMENT--During 1984 the Youth Union units in Ha Son Binh Province continued to bolster the movement for "the whole Union participating in Party building." Through the various movements for patriotic emulation and through revolutionary action movements in production and training, the youth in the entire province have been inserviced and suggestions have been made to the various Party echelons for the recruitment of elite Youth Union members into the Party. Many district and town-level youth unions have combined with the propaganda and training section and with the Party schools to give further training to those expected to be recruited into the Party. The whole province has introduced 5,300 elite Youth Union members to the Party, and of those the latter has recruited 573 young Party members. The districts and towns of Ung Hoa, Thuong Tin, Hoa Binh, Lac Thuy, and the Youth Union of Tri Trung Village have introduced many of their elite Youth Union members to the Party. [Text] [Hanoi NHAN DAN in Vietnamese 15 Jan 85 p 3] 1751

CSO: 4209/238

ECONOMIC PLANNING, TRADE AND FINANCE

PROVINCES EXPAND SOCIALIST COMMERCE, CONTROL CASH

Hanoi NHAN DAN in Vietnamese 5 Mar 85 p 1

[Article: "Song Be, Phu Khanh Expand Socialist Commercial Network; Ha Bac, Tien Giang Take Many Cash-Controlling Measures"]

[Text] Song Be Province has 265 state-operated stores and 572 sales centers of the collective commercial sector, an increase of 325 stores and centers compared to the beginning of 1984. More than 92 percent of the villages in the province have marketing cooperatives. The number of marketing cooperatives rated as good and average accounts for 70 percent.

Since the beginning of the year, thanks to maintaining good market management and fighting speculation, smuggling and counterfeiting, prices of the essential goods on the Song Be market have not undergone any great changes. Ben Cat, Dong Phu and Phuoc Long Districts have been controlling most of the wholesale activities and have exerted influence on 70 percent of the retail goods on the district markets.

In the first month of the year, Phu Khanh Province was able to purchase about 170 million dong worth of local goods, an increase of 260 percent over the same period last year, including 120 million dong of industrial goods and 50 million dong of food commodities. The commercial sector expanded the purchase network, assigned the marketing cooperatives to make purchases and at the same time used various forms of purchases -- purchasing at agreed prices, having goods available for exchange by the request of sellers or accepting goods to sell. In January, purchases of the major items like pork, beef, sugar, fish sauce and handicraft articles reached and surpassed the goals set in its plan, with pork showing an increase of 10 percent over the same period last year. Tuy An and Tuy Hoa Districts knew exactly the numbers of hogs raised in their sties, had plans and measures to make purchases in accordance with the actual situation of hog-raising in their district and purchased 95-100 percent of the hogs that left the sties.

In January, the tax-collecting sector of Ha Bac Province took in more than 20 million dong, including 18.5 million dong of industrial and commercial taxes, an increase of 1.5 million compared to January 1984. The City of Bac Giang and Yen Dung and Tan Yen Districts collected considerable amounts of taxes that showed increases ranging from .8 to 18 percent compared to the same period last year.

The tax-collecting subdepartment sent cadres and civil servants to assist the basic level, verified the taxes of nearly 10,000 business households, made rational tax adjustments and brought 2,000 additional business households into the group that had to pay taxes. The tax-collecting sector, in close coordination with the commercial and market management sectors, was able to prevent in time the illegal business activities of private business people and to contribute to stabilizing prices, and so on.

By taking many measures, such as stepping up sales to get cash, encouraging the people to make savings deposits, encouraging private business people to buy shares in joint enterprises with the state, strengthening market control and management and collecting industrial and commercial taxes, since the beginning of the year Tien Giang Province has put into the state budget nearly 1 billion dong in cash. The province as a whole has 7,000 households that have gone into joint enterprises with the state and have deposited nearly 30 million dong in the bank. The responsible organs have discovered and handled 11,500 cases of illegal business and got 45 million dong out of them for the state.

The turnovers of the jointly-operated stores have been increasing considerably. The fresh-water fish enterprise in Cai Lay District has raised its turnover to 3.7 million dong and the monthly tax payment from 36,400 to 125,000 dong. Trung Son Food and Beverage Store (in Trung Luong District) has raised its turnover from hundreds of thousands to 1 million dong.

5598

CSO: 4209/307

25 April 1985

ECONOMIC PLANNING, TRADE AND FINANCE

SPECIAL ZONE DEVELOPS STRENGTHS, EXPANDS FOREIGN TRADE

Hanoi NHAN DAN in Vietnamese 5 Mar 85 p 2

[Article by Hoang Khac Kim, Ministry of Foreign Trade: "Vung Tau-Con Dao Develops Its Strong Position, Expands Export and Import"]

[Text] Being a locality having not much land and labor and an economy lacking balance in many aspects, Vung Tau-Con Dao Special Zone did not have as yet abundant sources of export commodities, except its marine products, as many other localities did. In order to contribute to fulfilling the export plan of the central administration, it invested the self-provided capital in developing 500 hectares for raising brackish-water shrimps, expanded various occupations and assigned some of its products to a number of export-import units of the central administration.

As it tried to exploit the existing capabilities and to contribute to the export value in accordance with the central plan, Vung Tau-Con Dao Special Zone developed the advantageous position of a locality that was near the sea, was located on the international communications axis and lay in the center of a number of other localities in eastern (former) Nam Bo in order to step up local export. The main direction for its activities was to expand the integration and joint enterprise with other economic units and localities in order to increase export for the sake of import and to supply on a timely basis the units that had commodities for export with materials and goods first of all for production and in accordance with the principle of equality and mutual benefits. Aiming at that objective, the Vung Tau-Con Dao Export-Import Corporation directly dealt with foreign countries (with markets determined by the Ministry of Foreign Trade), studied and looked for the needs of markets, showed its commodities to localities and organized their production by introducing new lines of goods and tried to get as large quantities of commodities as possible for export. By so doing last year the corporation was able to produce more than 1,742 tons of 33 new lines of goods. What deserved our attention was the fact that almost all of the goods the corporation was asked to export were the products in great demand by the foreign customers that had regular trade

relations with the corporation. Most of these goods were available in many localities, which had a great ability to produce them, but they were scattered everywhere, with small quantities of them being found here and there. Since the corporation had to go around to get them little by little, it paid even more attention to such aspects as storage, transportation and processing in order to improve the quality of the goods it would export to satisfy market needs and at the same time to reduce circulation costs and to raise the value of products. The special zone invested 5 million dong of capital in the construction of 2,200 square meters of storehouses and continued to expand a number of existing storage facilities with 15 million dong of additional capital. At the same time, it raised the unloading-loading capacity of the port, put aside manpower for the construction of more processing and recycling facilities and made bags for the packing of export goods. In 1984, the corporation made more than 62,000 containers for domestic-fowl products, more than 120,000 strong cardboard boxes of all kinds and 7,744 porcelain washbowls and remanufactured 770,000 tons of goods.

The corporation also received requests to import goods from a number of localities and economic units which had the right to use foreign currencies, mostly the units that had been asking it to export goods for them. Nearly 70 percent of the imported goods were various means of production and some necessary consumer goods. The percentages of these various goods changed in accordance with different localities in different periods and shipments. These goods were brought in quickly and in time, in the varieties that had been requested, in order to ensure satisfying the production and construction needs of these units and localities.

In the integration and joint enterprise between the Vung Tau-Con Dao Export-Import Corporation and different localities, depending on the services, goods and formulas involved, the parties involved agreed on the shares of economic interests they were to get (after subtracting the shares to be contributed to the central administration in accordance with the current regulations), but in general their relationship was an equal, mutually beneficial and straightforward one. In some cases, due to the need to develop production and to create more sources of goods, the corporation granted favorable conditions to other localities. Authoritarian behavior, unfair competition or the deliberate intention to cause difficulties for other localities seldom occurred.

Through export-import enterprise activities, to conduct foreign trade has become a focal point in the construction and development of the economy of Vung Tau-Con Dao. In 1984, the corporation fulfilled 200 percent of the goal set for its contributing to the state budget. As the special zone was continuing to invest in catching and obtaining marine products and processing goods for export, the corporation invested 3.5 million dong in building the facilities to make pure salt for export and also created favorable conditions for the local troops to organize production and to take part in export activities.

The results obtained so far have been just the beginning. The foreign trade sector here is getting more experience and seeking every means to do better such jobs as implementing the export-import management policy; dealing in time with the central administration about foreign exchange; organizing the sources of goods, marketing and prices, enterprise formulas, and so on.

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CSO: 4209/307

ECONOMIC PLANNING, TRADE AND FINANCE

HANOI STATE STORES IMPROVE, STILL FACE NEGATIVE ASPECTS

Hanoi NHAN DAN in Vietnamese 5 Mar 85 p 2

[Investigative report by Huong Lien: "Through the Retail Stores of Hanoi State-Operated Commerce -- Things Are Better Than Before, But Negative Aspects Still Exist"]

[Text] The Hanoi commercial sector organized the purchase, transportation and distribution of perhaps the largest ever quantities of goods in the last few months, particularly during the Tet. On the basis of the past years' experience and its ability to foresee the people's consumption needs before and after the Tet, the Commercial Service gave instructions to corporations and stores about receiving in time goods from central sources and at the same time expanding their integration and cooperation with the production installations to further exploit the sources of goods in the localities and provinces. As a result, the supply of goods was much better than before. The sector exceeded the plan goal for pork by 25 percent and raised the quantities of other items like green bean, fresh fruits and processed foods by 1.5-3 times, and beef and buffalo meat 10 times, compared to the Tet period last year. Some counters received new items that the commercial sector had not been able to supply for years, such as fresh fish, oranges, bananas, house plants, domestic fowls, etc. Thanks to good preparations, the state-operated commercial sector so far was able to ensure supplying the quota items, although at certain times the dates of buying certain items had to be extended. The fact that the "stores serve the people in an exemplary manner" movement was expanded not only in the general-merchandise sector but also in the food and beverage sector received approval from the public opinion. In many localities customers praised the courteous behavior of salespersons and the full implementation of the regulations on retail sales that had to do with accurately weighing and measuring goods and not cheating customers. According to a preliminary review of the first phase of a contest in the Hanoi commercial sector, more than one-half of the units taking part in it were given rewards as "exemplary stores."

The above-mentioned progress was very encouraging. However, a question that was raised was that quite a few people still felt unsatisfied with the commercial sector in connection with retail sales. In addition to the fact that goods were still of poor quality and salespersons remained authoritarian and discourteous, quite a few negative aspects were found in this field, even in the exemplary stores. These negative aspects have prevented the commercial sector from regaining the people's confidence. The workers' inspection unit recently inspected 27 food stores and found that one-third of them did not accurately weigh the goods, nor sell them at the right prices; only 4 out of 12 food counters and 9 out of 14 fuel counters showed accurate weighing. The inspection board of the Commercial Service made 700 rounds of inspection. Compared to what had happened in the past, although there were sharp decreases in retail sales violations and no more serious cases and matters, there remained many cases of customers being cheated with inaccurate weighing, measuring and counting and good merchandises being distributed among staff members and to relatives and acquaintances, as well as intentional re-uses of stamps and coupons. These deeds, though trifling, did cause considerable harm. Termites and woodworms, no matter how slowly they burrow into a dike or a house pillar, sooner or later will bring about its destruction. The deeds that are considered trifling in retail sales, unless efforts are made to stop them in time, will not only affect the confidence of the masses in the socialist commerce but also create bad habits among the people engaged in it and easily lead to deviation and backwardness. The practice of deliberately raising prices to pocket the difference and collusion among the people in charge of delivery and reception of goods still existed in some localities. Within a short time the inspection board of the corporation had to draw up reports on 56 violations resulting from store staff members stealing and cheating customers some 10,000 dong of merchandises. In one store, the inspection group found 20 kilograms of meat and bones in excess of the book entries which an entire shift was responsible for because of a secret deal between the delivery and reception people of the processing plant and the store. In other stores, goods of poorer qualities were brought in to be sold or prices of pig entrails were deliberately raised higher than the prices set by the service; as in the case of a commercial corporation, the purpose was to be able to set up within 45 days a secret fund with 20,000 dong in it.

The commercial sector has recently kept separate (in its plan at least) two kinds of stores selling meat at supply prices and at commercial business prices and thus created favorable conditions for strict management of cash and goods. However, since it still was not able to separate the two merchandise funds completely, secret replacement of meat between the two kinds of counters still took place. In some localities, staff members bought meat at the business counters, exchanged it for better meat at the supply counters and resold this meat to pocket the difference in prices. These dishonest deeds were also found at the counters selling oil. The trial of the case of water being mixed

with kerosene at a Thi Sach Street counter was an example. Recently at a counter selling oil, a coupon-cutting staff member was caught by his colleagues as he was about to put away a number of coupons and money, which could be reused to buy 50 liters of oil.

The directors and CPV committees of many corporations were paying attention to ideological education, using the economic lever to encourage good people and sternly dealing with bad cadres and staff members. Corporation Y last year handled 112 cases involving 239 people and fired 7 of them. These were positive deeds. But there still were some localities that failed to attach importance to educating their staff members in retail sales, did not respond quickly enough to recommendations by the inspection board and workers' control unit and failed to properly train the heads of stores in professional matters and responsibilities. These shortcomings were the loopholes for bad people to operate.

To maintain accurate weighing, measuring and counting and to fight the negative aspects in retail sales does not mean to protect only consumers' interests but also to seriously implement the policy of the party and state about a fair and rational distribution of goods to the right recipients. Only by uniformly combining the educational, administrative and economic measures; firmly removing the bad people from the sector; and at the same time upholding the sense of responsibility of the heads of stores and further developing the collective ownership role of every salesperson can we create real changes in the retailing field so as to restore the people's confidence in the socialist commerce.

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AGRICULTURE

EDITORIAL: FURTHER DEVELOP SHORT TERM INDUSTRIAL PLANTS

Hanoi NHAN DAN in Vietnamese 18 Jan 85 p 1

[Editorial: "Develop More Vigorously the Short Term Industrial Plants"]

[Text] In 1984 the production of short term industrial plants has obtained relatively good results. The area has grown by 7.5 percent as compared to 1983 and 34.4 percent compared to 1981, the first year of the current 5-year plan. On the average, in the last 5 years it has grown by over 11 percent per year. A number of specific plants have registered even and relatively rapid growth such as peanut, sugarcane and sesame, which grew by 10 to 28 percent. Other species such as tobacco, rush, jute, cotton, and castor oil have tended to grow both in acreage and in total production. And the results obtained have contributed importantly towards the fulfilment of the 1984 state plan.

Nonetheless, the production of short term industrial plants has not yet answered the requirements of the plan. Of particular importance is the fact that some species for which there is a great export demand, such as soya beans, in the last few years have hit a snag and in fact have even seen their acreage reduced significantly as compared to earlier years. The reason for the above situation is the fact that the movement for intensive cultivation of industrial plants has not yet been a thorough affair. Every locality has its own high productivity examples at the cooperative or district scale as far as the short term industrial plants are concerned, but these examples have not yet been multiplied on a wide scale. This is what led to the situation of excessively low productivity in the case of many species and to their poor quality, which brings down the value of their products and yields poor economic returns. Besides the shortcomings of the basic units in the production, the important factor still resides in the management mechanism and in a number of economic policies that have not yet truly encouraged the laborers.

The last year of the 1981-1985 plan, 1985 has very high requirements in connection with industrial plant production as a whole and with short term industrial plants in particular. During 1985 the acreage devoted to industrial plants must increase by 34 percent over 1984, and the productivity of most species must increase by 11 to 16 percent. Among

these requirements one must pay special attention to expanding vigorously the production of those that are required to export and are used as raw materials such as peanuts, soya beans, tobacco, sesame, jute, etc. Thus, the plan requirements make it a necessity to both expand the acreage and to practice intensive cultivation.

Basing itself on the actual conditions of production in each locality, each basic unit must review closely its plan for production areas, devise a rational planting structure, and reserve enough land for the industrial plants so that they can produce high returns. Localities which do not have too much difficulty with grain production, and where the yam or cassava productivity is too low, may devote part of their land to the growing of short term industrial plants that bring good returns. At the same time, they should step up crop rotation, alternation of crops, crop multiplication, and intensive cultivation on the rice, secondary crops or pluriannual plant acreage so as both to increase the production of industrial plants and grain production. In intensive cultivation, one must make adequate preparations for good seed and fertilizer; in particular, one should pay attention to giving guidance as far as the crop schedule and the close management of the implementation of the technical process are concerned, especially in the case of those plants requiring high level technical knowhow. In helping the production units to obtain favorable conditions from the sowing and planting link to the collection, procurement, and processing links, the various procurement sectors must closely coordinate their activities with those of the technical services branch under the guidance of the local authorities in charge of supplying material means in time to the production units, both guaranteeing their numbers and quality. Using the two-way economic agreement, the various sectors can advance the material means to the active production units, thus creating the conditions for accomplishing the plan norms. The agreement should be implemented in a straightforward manner with clearcut sanctions and fines applicable to both the production and the procurement sides. There must be appropriate economic policies that would encourage the workers and guarantee harmony among the various interests at stake. Besides the rational solution to the grain question in the case of food-deficient areas, one can apply the duty price and agreed price policies in the case of exchange commodities. Agreements which have been signed must be strictly implemented so that both the production units and the producers can expand their production, invest in intensive cultivation, and sell many more products to the state.

The potential for expanding acreage and raising the productivity of various kinds of short term industrial plants in our country remains very large. In doing these tasks well, we will surely implement successfully the 1985 production plan for short term industrial plants.

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AGRICULTURE

SPECIAL EFFORTS CALLED FOR ON AGRICULTURAL FRONT IN 1985

Hanoi NHAN DAN in Vietnamese 24 Jan 85 p 2

[Article by Nguyen Ngoc Triu, Minister of Agriculture: "1985 Must Be a Year in Which Outstanding Efforts Must Be Made in Taking Advantage of the Combined Strength of our Economy on the Agricultural Front"]

[Text] The year 1985 marks several important historical events: the 55th anniversary of the foundation of the Party, the 40th anniversary of the establishment of the state, the 95th anniversary of President Ho Chi Minh's birthday, and the 10th anniversary of the total liberation of South Vietnam. In the case of the agricultural sector, it marks the 40th anniversary of the state decree establishing our ministry. The struggle to accomplish our tasks in 1985 is meant to realistically chalk up records to commemorate those historical events. This is also the last year of the 5-year plan for 1981-1985; at the same time one should make preparations for the implementation of the third 5-year plan (1986-1990).

The Seventh Plenum of the Fifth Party Central Committee has clearly pointed out: "In 1985, we must struggle to implement at all cost the four socioeconomic objectives and the main quotas of the Fifth Congress, stabilize the economy and expand it in accordance with the policy line and main advocated lines of the Party while at the same time urgently proceeding to make preparations for the next 5-year plan." The plenum emphasized: "Concentrate our efforts on the agricultural production front, which is priority number one, with special stress on the production of grain and foodstuff."

In mastering the resolution of the Fifth Party Congress and those of the Party Central Committee and of the Government, the agricultural sector must concentrate its struggle on implementing successfully the main tasks and norms of 1985, namely: 19 million tons of grain, nearly 740,000 hectares of short term industrial plants, 5.2 million head of cattle, 13 million hogs, 100 million fowls, 800,000 tons of meat of various kinds and 2 billion eggs. And we must fundamentally complete the cooperativization of agriculture in the provinces of South Vietnam.

Boosting grain production is a task of the first importance meant to develop balance and stabilization not only in agriculture but in the whole

national economy, and it is also a most urgent requirement of the people's life. The solution of the food question will be the "key" to implementing the division of labor and the expansion of branches and sectors, thus creating the conditions for the all-round development of agriculture. The number one target of agriculture is to struggle to reach 19 million tons of grain during 1985.

To raise the total grain production we must pay attention to and put into application many coordinated and simultaneous measures. We must practice intensive cultivation, do crop multiplication, enlarge the acreage, in which the first two measures form the main directions and constitute fundamental measures for the long run. To implement intensive cultivation on the entire acreage and raise the productivity in a steady manner while at the same time building high yield areas. The realities of production in the various localities and in the production units have clearly shown that in order to have efficient production one must first ascertain and maintain the seeding structure and the crop structure, using primarily those seed varieties that go well with the ecological conditions, avoiding unfavorable weather conditions, and fighting against a number of insects and pests that are likely to cause extensive damage in the localities concerned. At the same time, one should persistently and regularly pay attention to raising the quality of the seed. Then one should insure good working conditions and increase the material and technological bases and other material factors such as the availability of fields, irrigation, draft power, and fertilizer so as to create favorable conditions for the production process.

Our grain consists of rice and secondary crops. Besides the intensive cultivation of rice and the expansion of its acreage one must pay extreme attention to the secondary crops, especially corn, yam, and secondary winter vegetable crops, putting a complete stop to the situation of declining secondary crop production. One must actively implement intensive cultivation and expand the acreage devoted to secondary crops and soya beans. One must closely link production with maintenance, processing with distribution so as to raise quickly the production of secondary crops, thus contributing to guaranteeing food for both man and domestic animals. One should pay attention to forming concentrated secondary crop areas in Eastern Nam Bo, in the Highlands, and wherever the conditions are favorable.

On the basis of solving firmly the grain question, one must pay attention to developing industrial crops on a large scale, especially the short term varieties. One should concentrate on dressing up blueprints and building policies and development measures which are consistent with each species of plant, especially peanuts, soya beans, tobacco, sugarcane, and various kinds of vegetables and fruits. One should continue promoting the development of coffee, rubber, tea, sugarcane, mulberry, cotton, and oleaginous plants in all three sectors of the economy: the state operated sector, the collective sector and the private plot sector. One should continue boosting implementation of the recommended policy of combined agriforestry production, of building hill gardens and forest gardens, developing various professions, and enlarging combined businesses in the various cooperatives and agricultural production groups.

As far as hog breeding is concerned, the various localities and production units need to continue raising the quality of the stock breed and expand crossfertilization and artificial insemination. And one should also reform both organization and management so that one can have efficient hog breeding both in the collective and in the state operated sectors.

The expansion of stock breeding is a very great potential of ours. One should expand the network of artificial insemination, increase the size of the animals, which constitute important measures for raising the number and quality of our cattle. One should also boost implementation of the breeding plan for raising chickens on an industrial scale in both the cities and in highly industrialized zones.

One must vigorously expand on a large scale the quick introduction of progressive techniques into production, especially such progressive techniques having to do with seed selection, with the crop structure, with economic crossfertilization in animal husbandry, and with various cultivation techniques relating to planting crops, planting density, the prevention and elimination of insects and pests that cause damage to plants and epidemics that cause havoc to domestic animals and fowl. One should also combine with the above even more tightly the agreements to apply progressive techniques to production among the various scientific research organs, the training of cadres in the various production units, and link economic results with the final products.

One should continue to perfect the mechanism for final product contracting with the groups or laborers producing them in accordance with Resolution 154 of the Council of Ministers and the guidelines of the Ministry of Agriculture. These are measures that will bring about favorable conditions for exploitation of our labor and soil potential, thus guaranteeing that agricultural production in the cooperatives and production groups develop vigorously and firmly.

To perfect the contracting mechanism in the agricultural cooperatives and production groups, we need to do it well on both levels. On the one hand, one must solve well the relationship between the cooperatives and the state management organs. Both of these aspects are organically linked; if one merely solves the question of cooperative internal management whereas the state organs dealing with cooperatives do not get their problems solved, then the product contract system cannot promote its positive effect for very long.

All the above issues are related to building and consolidation at the district level. In 1985 it is necessary to focus on building for the district a network of material and technological bases and services, which would allow the district to have the wherewithal to regulate production and to link it with the production bases. In the case of agriculture, one must first of all form at all cost a network for providing material means, a tractor station equipped for repair also, a hydroelectric station, a transportation enterprise, a plant seed company, a plant protection station, and a veterinary medicine station. One must improve the operating

procedures of these organizations on the basis of closely linking their responsibilities with the final products and their economic returns. One should change the management of these organizations into technical service organizations which are tightly linked by agreements with the basic production units. The experiences of Kien An District (Haiphong) in guaranteeing its plants, of Cai Lay (Tien Giang Province), and of Long An town in insuring their animals, and of many districts of Ha Nam Ninh Province must be recapitulated for purposes of dissemination.

The responsibilities of agriculture are extremely difficult and heavy but its prospects are great. Our agricultural undertakings can be successfully implemented only on the basis of the combined strength of the whole Party, of the whole army and of the whole population, on the basis of the endeavors and creativity of the various echelons, of the various sectors, of the localities and of the production units. especially of the districts. To launch the movement for emulation in agriculture, to link the improvement of management with that of technical innovation, to expand the forms of cooperation and cooperative business among the various localities, among the state sector, the collective sector and the individual families, thus creating the conditions favorable for steady development both in the localities and in the production units all form the conditions that will allow our agriculture to complete its tasks.

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AGRICULTURE

MINISTRY OF AGRICULTURE PROVIDES MORE FARM SUPPLIES

Hanoi NHAN DAN in Vietnamese 7 Mar 85 pp 1, 4

[Article: "Agricultural Materials General Corporation (Ministry of Agriculture): Coordinating With Sectors in Restoring Order in Delivery and Reception of Goods -- Supplying 715,823 Tons of Nitrate Fertilizer, 108.9 Percent of Season Goal, 23.4 Percent Increase Over Same Period Last Year"]

[Text] In order to have sufficient quantities of materials for the winter-spring season, the Agricultural Materials General Corporation (Ministry of Agriculture) is taking realistic and effective measures in the reception and distribution of materials of all kinds in order to satisfy the needs in terms of quantities, qualities and time for the winter-spring production season.

The general corporation, in coordination with the foreign trade sector, has been clinging to the sources of goods and closely watching the activities of the means of sea transportation in order to organize quick reception and transportation of goods to the localities and to satisfy the production season needs of different areas. As it improved the use of secondary ports like Hon Me, Hon Ngu and Qui Nhon by the fertilizer-carrying ships, the shipping of materials to different areas was fast and timely. The areas that were planting their winter-spring crops early like Nam Bo and Region 5 were given priority delivery of materials.

For the periods when goods arrive all at the same time, the general corporation seeks the assistance of the sectors concerned like communications and transportation, public security, and so on; coordinates and combines the central and local means of transportation so as to quickly and neatly carry fertilizer to production installations; restores order at the delivery and reception locations; and limits the appearance of the negative aspects. Through contracting procedures and rational rewards and punishment, this year the unloading-loading and receiving of fertilizer aboard the ships are to be properly organized so as to ensure shortening the turnaround time by 12-15 days; the time of holding materials in storehouses or storage fields is to be reduced by

6-8 days compared to previous years; and the rate of losses of goods is to be kept at 1 percent (the authorized rate is 4.5 percent).

By having taken the above-mentioned positive measures, the Agricultural Materials General Corporation has by the end of February supplied the localities with 715,823 tons of converted-by-standard nitrate fertilizer, or 108.9 percent of the goal set for the winter-spring season, an increase of 23.4 percent over last year, including the northern provinces with 305,486 tons, or 78.3 percent of the set goal and 10.8 percent over last year; the Region 5 provinces 70,947 tons, or 124.4 percent and 35.5 percent; and the Nam Bo provinces 339,390 tons, or 161.6 percent and 34.6 percent. As to the volume of phosphate fertilizers of all kinds, the general corporation has supplied the localities with 252,605 tons, or 84.7 percent of the goal set for the season and an increase of 197 percent over the same period last year.

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25 April 1985

HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

PRODUCTION OF SPECIAL CEMENT--The Ha Tien Cement Combine this year strives to surpass by 30,000 tons the assigned production of 200,000 tons. In order to reach this goal it has drawn up a plan for getting by itself 20 percent of the materials needed through economic integration and export-import. As the 10th anniversary of the liberation of the South approaches, these days its cadres and workers are emulating one another more fiercely to step up production. In Kien Luong enterprise, two kilns burning clinkers operate continuously to achieve their design output. In Thu Duc enterprise, in addition to maintaining production and delivery at a fast pace and restoring the operation of crane No 2, which had been broken many years ago, the plant also has accepted the task of and has begun producing a low-heat-radiation cement, a special kind of cement for use in the construction of the Tri An hydroelectric power plant. [Text] [Hanoi NHAN DAN in Vietnamese 7 Mar 85 p 1] 5598

CSO: 4209/307

LIGHT INDUSTRY

HCM CITY INDUSTRIAL INSTALLATIONS OVERCOME DIFFICULTIES

Hanoi NHAN DAN in Vietnamese 7 Mar 84 p 1

[Article: "Ho Chi Minh City: Many Industrial Production Installations Overcome Difficulties in Time, Maintain Production Rate "]

[Text] Scoring achievements to celebrate the 10th anniversary of the liberation of the South, the industrial installations in Ho Chi Minh City were overcoming many difficulties in connection with materials and raw materials and maintaining their production rate. In February, the industries in the municipality reached the value of gross production of 1,889 million dong, in which the local industries accounted for 1,237 million. The industrial and handicraft production of the 3rd, 1st and 4th Precincts and Phu Nhuan was maintained; the volume of production of 16 of the 42 major products, including glasswares, articles made of corrugated iron, bicycle and automobile accessories, electric wires, pills, liquid medicines, medicines in vials, steel casting, acetylene, steel rolling, yarns, ready-made clothes, etc., was quite large.

However, some installations still encountered quite a few difficulties. Fewer contracts were signed compared to the same period last year. The implementation of these contracts still showed many problems that had not been resolved in time.

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TRANSPORTATION AND COMMUNICATIONS

AUTOMATIC TELEPHONE EXCHANGES INSTALLED IN HANOI SUBURBS

Hanoi HANOI MOI in Vietnamese 25 Jan 85 p 3

[Article: "Eight Suburban Districts, Municipality Now Have Automatic Telephone"]

[Text] Fully acting upon Resolution 50 of the Council of Ministers on activities at the district level, the Hanoi Municipal Post and Telecommunications Service has developed many material and technical communication bases in the suburban districts to serve the administration in leading, guiding and coordinating production and disseminating economic information. Automatic telephone exchanges comprising from 200 to 600 numbers have been installed in 8 out of 12 districts and municipality: Soc Son, Dong Anh, Hoai Duc, Gia Lam, Tu Liem, Thanh Tri and Dan Phuong and Son Tay Municipality.

Putting these exchanges into efficient use, the Hanoi Post and Telecommunications Service has installed a new 23 km-long cable, a 80 km-long double-wire line linking Dong Anh district to Phu Lo, Soc Son to its suburbs, Me Linh to Thach Ha, and Thach That to Hoa Lac, and hundreds of kilometers of double-wire lines from the districts to villages. One-half of Hanoi suburban districts now have 3315 telephone sets in operation. Moreover, all these districts have Morse code connections with Hanoi.

In building these material and technical communication bases for districts, the Hanoi Post and Telecommunications Service has secured local and popular assistance in terms of capital, supplies and labor, in accordance with the policy of the central echelon working together with localities, and of the state standing shoulder to shoulder with the people to build the capital city. The army and villagers contributed 50,000 workdays while the localities gave 300 tons of supplies--not to mention 3 million dong earmarked by district and village budgets for telephone connections between districts and villages and within villages.

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CSO: 4209/266

POPULATION, CUSTOMS, AND CULTURE

HANOI'S FIVE GATES EXPANDED

Hanoi NHAN DAN in Vietnamese 15 Jan 85 p 1

[Article: "Hanoi's Five Gates Are Being Expanded"]

[Text] For the last few years the communications forces at the central and of local levels have concentrated on remodeling and expanding the five gates of Hanoi. Area 2 Communications Building Enterprise Combine, despite the fact that it was established only a few years ago, has contributed its proper share to expanding the main thoroughfares of the capital.

During 1984 the combine completed the Giam - Nga Tu So segment which comes to nearly 3.5 kilometers in length and 15-18 meters in width, and the Nga Tu So - Ha Dong segment with 4 high speed lanes that is 5.2 kilometers in length and 26-48 meters in width. Recently it has resurfaced and graded 2 kilometers of Kham Thien Street, and it is building the road leading south from the Thang Long Bridge which links it with highway 11A, which is 23-27 meters wide. In competing to chalk up records to celebrate the 55th anniversary of our Party and to commemorate the big anniversaries in 1985, the enterprises in the combine, especially Enterprise 208, are enlarging the Vong - Duoi Ca road and the Dai Co Viet - Duoi Ca segment. The technical cadres and workers overcame many difficulties having to do with geological treatment, underground power lines, and the surface cleaning that will allow the widening of this segment to 46 meters. These are not simply communication expansion tasks, they also represent artistic works leading from the south into the city. Despite the rainy last days of the year and the severe cold, the workers continuously kept to their task and completed 300 meters of asphalt reinforced concrete. In the near future, the road leading from Hanoi to Thuong Tin will be built in accordance with the standards of this model road.

Together with the Dai Co Viet - Duoi Ca road, the Tran Quang Khai - Mai Dong, Nguyen Thai Hoc - Cau Giay, Nga Tu So - Cau Giay, Chuong Duong - Cau Chui (Gia Lam), Nam Chem - 11A, and Giang Vo roads are being attended to by the communications sector so that the bridges and roads of Hanoi are getting better and wider.

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- END -